FINANCIAL TIMES

No. 27,628 Friday August 4 1978 * 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

MPs split over hours

The Commons Select Committee on Procedure has failed to agree on any recommendation to change drastically the pattern of sittings. Its report urges that the normal 10 pm closure could be put back only if more than 200 MPs voted for *more normal hours.*

Labour MP Mr. John Garrett argued that Parliament should break with "the tradition of the gentleman amateur" but Sir David Renton, a Tory committee member, said that full-time members would become "an inward-looking and narrow-minded bunch."

The split on hours is the most visible part of a basic disagreement between Labour and Tories on how far Parliamentary reform should go. Back and Page 8; Men and Matters Page 16

Karpov victory

Anatoly Karpov defeated challenger Viktor Korchnoi in the eighth game of the world chess championships in Baguio in the Philippines, scoring the first win after seven draws.

Thalidomide cash

An independent report recommending payments of £10,000 each to 69 young people who had not been accepted as thalidomide-damaged has been approved by the Government and Distillers. A *Tokyo court has ordered the* Japanese Government and three drug companies to pay damages to 119 victims of a nervous disease caused by the drug Quinoform. *Thalidomide report,* Page 6

Homes sexism

Several building societies may be breaking the law by discriminating against married women, says a survey conducted for the Equal Opportunities Commission, by the Consumers' Association. Back Page

Council changes

Proposals for a mini-reorganisation of English local government to reverse some of the sweeping changes made under the Local Government Act of 1972 were announced last night by Mr. Peter Shore, Environment Secretary. Page 8

Sun rises again

The Sun newspaper is to print again today after an 11-day stoppage that has cost the company at least £1.6m. Journalists have been on strike over a productivity pay deal.
Page 7

Pig problem

Farmers angry at low pork prices forced French President Valery Giscard d'Estaing to change helicopters during a visit to Brittany by hanging a dead pig on the rotor arm of his aircraft.

Briefly . . .

President *Ramalho* Eanes was to meet Portuguese *political* leaders last night in what was seen as a step to form a government of "personalities" which would have majority support in the Portuguese Assembly.
Page 2

Milan's La Scala opera house has *celebrated its 200th anniversary.*

Monthly £100,000 premium bond prize goes to Renfrewshire holder of bond 7TZ 558376.

Staff at Wakefield jail found a cache of homemade knives, ropes and some money in an IRA prisoner's cell.

A ceramic and glassfibre statue of Ned Kelly, one of Australia's most famous bushrangers, has been stolen from Glenrowan, the town where he was captured.

The Soviet Union may be planning to breed a child in space, says West German space expert Heinz Kaminski.

A 21-gun salute by the Royal Canadian Artillery greeted the arrival of Queen Elizabeth at the opening ceremony of the Commonwealth Games in Alberta.

East *Germany has a new* armoured vehicle which is planting mines along the East-West German border "like potatoes." says Bavarian Interior Minister, *Alfred Seidl.*

BUSINESS

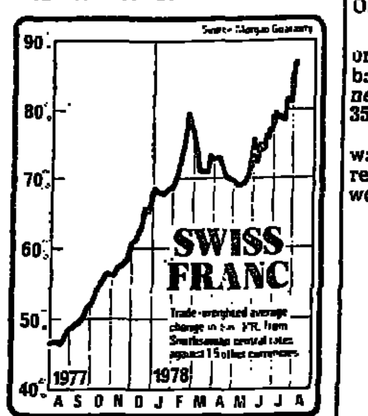
Record volume on Wall Street

● WALL STREET trading was the highest on record 66.5m shares changing hands. The Dow Jones industrial average closed 3.38 up at 886.87. *The heavy volume of trading* was attributed to conviction that interest rates had peaked. Page 4

● EQUITIES rose 4.6 to *499.9*, with gains in secondary stocks pushing the FT All-share index up 0.7 to 228.34, its highest *since its compilation in 1962.*

● GILTS were firm and the Government Securities index closed 0.13 up at 70.97.

● STERLING gained 20 points against the dollar to $1.9300, its trade-weighted index rising to 62.4 (62.3). The Swiss franc made headway, too, against the dollar, but the yen yielded ground. The dollar's depreciation narrowed slightly to 9.1 per cent (9.2).



● GOLD fell $1 to $[illegible] in London, and in New York the Comex August settlement price closed $2.60 down at $200.00.

● JAPAN will be forced to take further economic policy measures if its expansion is to be maintained and its large current external surplus reduced, the latest annual OECD review of the Japanese economy warns. Back Page and Editorial Comment, Page 16

● MARINE MIDLAND Bank has pulled out of the three-year-old arrangement for the breaking up of the £200m property empire of Mr. William Stern. Back Page

● PRICE COMMISSION has vetoed the 8 per cent price rise sought by British Gypsum, the *monopoly supplier of* plasterboard and gypsum plaster to the construction industry. Price rises should be limited to 6.5 per cent and pegged until March *next year.* Page 6

Power link with France

● CROSS-CHANNEL power link between the UK and France costing £131m is to be built to enable the CEGB to use up to 1m tonnes more coal a year and to export coal-fired electricity to France, Energy Minister Mr. *Anthony Wedgwood Benn,* has announced. Back Page

● NORTH SEA oil analysts have warned that the Government is in danger of damaging oil industry and banking confidence through its proposed measures to increase petroleum revenue taxation and impose tougher *licence conditions.* Pages 6 and 8

● EXPERIMENTAL schemes for loans by clearing banks to small companies are to be discussed *by the Government and financial* institutions during the next two months, following publication of the NEDC's report on finance for industry. Back and Page 6

● BANKRUPTCIES rose 16 per cent between April and June this year, halting the recent downward trend in compulsory liquidations, *according to the latest* figures published by the Department of Trade. Page 6

COMPANIES

● REED INTERNATIONAL pre-tax profits for the first quarter to June 30 advanced from £20.5m to £21.5m on sales of £397.9m *(£394.5m).* Page 20 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 12pc '13-17	£96⅝	+ ¼
Adwest	276	+ 6
Alpine Soft Drinks	148	+ 14
Baker Perkins	118	+ 4
Bowater	198	+ 6
Brook St. Bureau	75	+ 5
Brown and Jackson	196	+ 6
City and Foreign Inv.	85	+ 7
City Hotels	138	+ 12
Compton and Webb	44	+ 6
Cowan de Groot	75	+ 4
Debenhams	97	+ 4
DRG	133	+ 7
ERF	118	+ 7
Eurotherm	176	+ 8
Freemans (Lon.)	364	+ 12
Heron Motor	135	+ 4
Hunting Asscd.	245	+ 23
Laing (J.) A	200	+ 7
Man. Agency Music	89	+ 7
Mucklow (A. and J.)	128	+ 9
Philips' Lamps	935	+ 30
Reed Intnl.	153	+ 4
Shaw Carpets	49	+ 5
Startrite Eng.	95	+ 9
Taylor Woodrow	386	+ 10
Thomson Org.	275	+ 7
Travis and Arnold	156	+ 8
Waring and Gillow	128	+ 6
Pacific Copper	64	+ 6

FALLS

Best and May	57	− 5
IC Gas	330	− 13
Mothercare	162	− 4
Buffels	£10¼	− ¼
Peko-Wallsend	528	− 10
Pres. Brand	£10½	− ¼

Action by telephone engineers 'could cost City millions'

BY NICK GARNETT, LABOUR STAFF

The City of London could lose millions of pounds worth of currency exchange business to foreign financial centres because of industrial action by Post Office telephone engineers.

This warning came last night from exchange and currency deposit brokers who said the effects of the action were becoming more serious.

At the same time, British companies dealing in overseas markets face serious delays on overseas telephone calls because of the engineers' decision to step up action yesterday at some of the country's international telephone switching centres.

These threats to business dealings emerged as recommendations, drawn up by Lord McCarthy the industrial relations expert, *for solving the dispute* over the union's claim for a 35-hour working week were sent to Mr. Eric Varley, Industry Secretary, the Post Office and the Post Office Engineering Union.

The recommendations centre on a two-stage reduction in the basic week worked by the engineers, *although not down to the* 35 hours claimed.

They also suggest possible ways of covering the cost of the reduction by more flexible working.

Although Lord McCarthy's report leaves it up to the Post Office and the Government to decide if the reduction can be contained within pay guidelines—which specify that shorter hours have to be taken into account within wage ceilings—other unions will study the report closely.

A general reduction in working hours is a main plank of TUC policy and unions will be keen to see if an agreement, within *pay policy*, can be made for the 125,000 engineers.

The recommendations are Lord McCarthy's own. He has been unable to find a formula acceptable to both sides. *It will* now be up to the Government to try to settle the 10-month-old dispute.

Protest

Mr. Peter Clayton, chairman of the Foreign Exchange and *Currency Deposit Brokers Association*, has protested in writing to Sir William Barlow, Post Office chairman. Mr. Clayton said last night that the industrial action *could be disastrous for the City* within two months.

The engineers are blacking work on lines which are attached to private equipment. Faults on direct lines between dealers' consoles and banks throughout the world are not being rectified.

Mr. Clayton has told Sir *William that centres such as* New York, Frankfurt, Paris and Hong Kong are waiting to pick up business from London and there could be serious effects for international Euro-currency deposit and foreign exchange business.

The Post Office was receiving possibly millions of pounds through fees for telephone and telex services from the brokers.

The Post Office Engineering Union claimed that almost 10,000 international telephone calls through one of the main switching centres were blocked through part of yesterday at a cost to the Post Office of almost £60,000.

The Post Office has not been able to confirm the extent of disruption at switching centres, although it admitted that calls through all centres were being affected and the problem was likely to worsen.

Gunmen kill PLO chief in Paris office attack

BY ROBERT MAUTHNER PARIS, August 3.

TWO ARAB gunmen today killed Mr. Ezzedine Kalak, the chief *representative of the Palestine* Liberation Organisation in Paris, and one of his principal aides, in the second dramatic shooting incident at an Arab mission here in the last three days.

The assassination followed the expulsion from France yesterday of three Iraqi diplomats. They *had fired on police during a gun* battle in front of the Iraqi embassy, where a terrorist, believed to be a Palestinian, had held eight people hostage before *surrendering.*

A police inspector was shot dead during the exchange of fire, and there were protests from the police at the fact that foreign diplomats were allowed to carry arms.

Today's shooting happened after two men entered the offices of the Arab League and the PLO, situated in the same building in the Boulevard Haussmann in the centre of Paris.

The two rushed to Mr. Kalak's office on the third floor of the building and shot him. They threw a number of grenades. The PLO representative was killed instantly, his body riddled with 18 bullets. His aide, whose legs were blown off, died later from *wounds.*

One of the gunmen tried to escape after shots with Arab League security men, but was grabbed by French police who had surrounded the building. The other was disarmed by members of the Arab League staff and handed over.

The police said later that one of the assassins was a Jordanian and the other an Algerian. The Jordanian claimed to be a member of a hitherto unknown "rejection front of *stateless Palestinian Arabs.*"

Mr. Kalak, aged 40, who was known in France as a supporter of Mr. Yasser Arafat's "moderate" line, took up his post in Paris in 1973 after the assassination of his predecessor, Mr. Mahmoud Hamchari, who was killed at his home by a bomb *explosion. At the time Arabs* blamed Israeli agents for the attack.

Today's victim was the third senior PLO official to be assassinated this year. Mr. Said Hammami, the former PLO representative in London was shot dead in his office on January 4 and Mr. Ali Yassin in Kuwait on June 15.

Police said the terrorists described Mr. Kalak as a traitor after shooting him. But the PLO office later issued a statement saying the attack was "a criminal act directed against the Palestinian resistance."

The French Foreign Ministry issued a statement tonight saying that France would not tolerate acts of terrorism on its territory.

Israeli aircraft attacked Palestinian bases in Lebanon yesterday in a swift retaliation for the explosion in Tel Aviv which killed one person and injured 49.

The air strike was ordered by Mr. Menahem Begin, the Prime Minister. It was directed at a Palestinian base at Dahar al Tutah, 10 miles south of Sidon, which, it was claimed, was a base used for training guerrillas intending to attack Israel. Page 3

Electricity Council $500m loan

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Electricity Council has arranged to borrow $500m (£260m) from a group of Japanese banks as part of the Government's programme of extending the maturity of its *overseas debt into the late 1980s.*

It is the largest loan raised overseas by the UK public sector for more than 12 months. So far this year, $1.36bn in new borrowings has been arranged, either in Euromarkets or in New York.

In the same period the Government has undertaken or announced the repayment, mostly before the due date, of about $4.5bn of debts, out of $25bn due by 1985.

That is part of the policy of making net repayments of public-sector foreign-currency debts year by year while arranging new, longer-term borrowing due after the peak repayment years of 1979-84.

The result will be to reduce the hump of the debt repayment burden in the early 1980s. For example, the total amount due in the peak year of 1981 has been cut from $5.3bn to just over $4bn.

Although maturities from 1984 onwards have been increased, there has still been a net reduction since last autumn of about *$3¼bn in total overseas borrowings* by the UK public sector.

The Treasury and the Bank of England are obviously keen to take advantage of the *strength of sterling and the improvement of the current* account of the balance of payments in order to restructure the debt.

No specific new borrowings are planned, although over the next year or two the UK is likely to try to arrange fund-raising on the scale of the latest loan or the $345m New York bond issue in the early summer. Similarly, further early repayments of debts are probable.

The new loan, which is guaranteed by the UK Government, effectively represents a recycling of a little of Japan's surplus, in accordance with the commitments made at the Bonn economic summit last month.

The Electricity Council will use the proceeds mainly to repay its domestic and foreign debt and for working capital. It has *loans of £2.8bn from the National* Loans Fund (central Government) and from overseas due by the end of March 1983, and has to repay a total of £210m this month and in September.

Mary Campbell adds: The loan is from a syndicate of 14 Japanese banks headed by Sumitomo Bank. The terms are the finest on a big Eurocurrency syndicated medium-term loan since 1974.

Already last night accusations of rate-cutting were being levelled against the Japanese banks, which are widely felt to have been significant in squeezing 1973-74 profit margins on *international lending to even* narrower levels than seen today.

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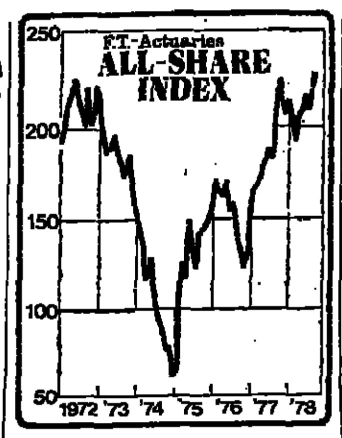

All-share index at peak level

BY MARGARET REID

STOCK MARKETS yesterday staged a fresh advance which carried the FT-Actuaries All-*share index — the broadest* measure of UK share price movements—to a new peak.

The index rose 1.62 (0.7 per cent.) to 228.34, so topping its previous high of 228.18 on May 1, 1972 by 0.16. This means that share prices have increased, in money terms, by a little more than 128 per cent since the index was launched on April 10, 1962.

The FT 30-share index of leading industrial equities gained 4.6 but, at 499.9, ended just short of *the psychologically important* 500 level. This index is still 49.3 (about 9 per cent) below its all-time high of 549.2 reached on September 14 last year.

The recent buoyancy of British shares is in tune with trends throughout the world, where nearly all leading markets are now at or near 1978 peaks.

New York has shown particular strength lately and yesterday Wall Street recorded its biggest-ever turnover of 65.50m shares —2m more than the previous peak reached on April 17 this year. In the first four days of this week, the Dow Jones Industrial Average has put on 30.58 to reach 886.87—its best so far this year.

More active

Institutional investors in Britain, who had previously taken a more pessimistic view on the market's trend, have lately responded to the market's upturn by purchasing shares more actively, imparting a fresh boost to the rise.

First signs of an easing in *British interest rates after their* sharp upturn earlier this summer have been another favourable influence, although hopes of a cut in the 10 per cent minimum lending rate were disappointed yesterday.

The improvement in living standards, the brisk rise in retail sales and the more subdued increase in industrial output have all helped nourish a better investment atmosphere.

The prospect of a general *election in the not too distant* future does not appear to have made a sharp impact so far.

£ in New York

—	Aug. 3	Previous
Spot	$1.9275-9285	$1.9316-9330
1 month	0.45-0.39 dis	0.50-0.44 dis
3 months	1.08-1.02 dis	1.18-1.12 dis
12 months	3.85-3.75 dis	4.10-3.90 dis

Mr. DeLorean and Mr. Mason: State support of about £45m.

U.S. car plant for Ulster

BY DAVID FREUD

A NEW U.S. car company is to set up a plant in West Belfast, one of the worst unemployment black spots in the UK.

DeLorean Motor of Detroit, whose chairman, Mr. John DeLorean is a former General Motors executive, plans to assemble a sports car of novel design at Twinbrook industrial estate, Dunmurry.

The project, announced in Belfast yesterday by Mr. Roy Mason, Northern Ireland Secretary, is expected to attract state support of about £45m towards its overall cost of £65m. The plant is forecast to employ 2,000 *people within the next four* years.

The state aid is divided between grants from the Ulster Department of Commerce and *equity and loan capital supplied* by the Northern Ireland Development Agency.

This brings the state contribution for each job created to a *figure approaching £25,000*—well ahead of the contributions made towards other U.S. projects announced recently in the province. These have ranged from £10,000 *to £17,000 per job.*

The proposed plant will be some two miles south-west of Belfast, near the Roman Catholic housing estates which are believed to contain pockets of unemployment approaching a rate of 50 per cent. Mr. Mason described the announcement as a "*tremendous breakthrough*" for the Government.

Mr. DeLorean set up his company in 1975. It is staffed mainly by other ex-GM men. The new car, the *DeLorean DMC-12*, will be the first new American specialist sports car since the introduction of the Corvette 25 years ago.

The company said construction of the main 550,000 sq ft factory would start in the next two months, while a smaller government *advance factory already on* the site would be used for pilot production and training purposes.

Construction of the main plant would provide an initial 800 jobs, while there would be 600 manufacturing jobs from the last quarter of 1979 as initial production began. Mr. DeLorean said he expected production in the first year to total 20,000 cars, increasing to 30,000 in the third year of production, by when 2,000 employees would be required.

Further product development would bring the number of jobs up to 3,400 by the end of the sixth year.

The car, which has a plastic body construction and outer surfaces of stainless steel, will retail at about £8,000.

About 85 per cent of the output is destined for the U.S. market and Mr. DeLorean said he has already obtained firm orders for 30,000 cars.

The extent of the Development Agency's holding in the Ulster manufacturing subsidiary, DeLorean Ltd., will not be revealed until details are lodged with the U.S. Securities and Exchange Commission.

Difficult

However, the Department of Commerce has given the project a maximum 50 per cent grant. The £20m not supplied by the *Government has been guaranteed* to the car company through the U.S. finance institution, the Oppenheimer Corporation.

There has been competition from several other countries for the project, including the Irish Republic and Puerto Rico.

One of the main reasons the company settled on Ulster was the highly motivated, stable and dedicated workforce, said Mr. DeLorean. Although the financial incentives were attractive *they were not compelling.*

Another key consideration was the speed with which the British Goverment was able to complete arrangements. Mr. DeLorean said that earlier negotiations with the authorities in the Irish Republic had broken down because of conditions they wanted him to comply with.

Terry Dodsworth adds: The project is being launched after a difficult period for the European specialist car producers which has seen most of them, including Ferrari, Maserati, Aston Martin and Lotus fall under the

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The car to be built in Belfast.

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FEATURES

For latest Share Index 'phone 01-246 8026

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EUROPEAN NEWS

Swiss write off Third World loans

Switzerland has decided to write off SwFr 180m of loans and interest to seven developing nations, according to a United Nations statement issued in Geneva, Reuter reports. The Swiss Government is converting the loans into grants to India, Pakistan, Bangladesh, Kenya, Nepal, Cameroon and Indonesia.

Meanwhile, government experts from rich and poor countries discussing the problems of the world's poorest nations in Geneva yesterday called for a world action programme throughout the 1980s to help them develop.

Belgium jobless rise

The number of Belgian unemployed entitled to social benefits rose 3 per cent last month to 272,743 from 264,679, Labour Ministry figures showed, AP-DJ reports from Brussels. The rise was ascribed to layoffs of workers in temporary employment and non-recruitment of such workers during the summer holiday period.

More Turks killed

Four more people have died in continuing political violence in Turkey, according to the Turkish state radio, Reuter reports from Ankara. Deaths occurred in the towns of Malatya, Diyarbakir, Gaziantep and Nigde in south-eastern Turkey. More than 280 people have so far died in violence involving extremist political factions this year.

Russian quits ILO

A senior Soviet official of the International Labour Organisation has resigned without warning after 10 years service, an ILO spokesman told Reuter in Geneva. Mr. Gregori Miagkov is the second high-ranking Soviet official to quit the ILO suddenly in the past two months.

Trade curb attacked

Soviet President Leonid Brezhnev and Polish leader Edward Gierek yesterday denounced the U.S. for trying to use trade as an instrument of blackmail against Communist countries, according to Tass news agency, Reuter reports from Moscow. At a meeting in the Crimea the two leaders said this policy would not help Washington, but could do considerable damage to international co-operation.

Spain plays active role in bid for Sahara solution

BY ROBERT GRAHAM

MADRID, August 3.

SPAIN IS taking an active part in complex negotiations whose aim is to find a peaceful solution to the future of the former Spanish Sahara. This includes support for a summit meeting on the conflict between the principal parties — Algeria, Mauritania, Morocco and the Algerian-backed Polisario liberation movement which claims to represent the people of the area.

The principal mediator in these negotiations is President Houphouet Boigny of the Ivory Coast. He has been holding talks in Paris with President Valery Giscard d'Estaing trying to persuade the French away from hardline support for Morocco and its total opposition to the Polisario, and a senior Ivory Coast official has this week been in Madrid sounding out the Spanish Government. Spain has so far sided with Morocco and refused to recognise the Polisario.

The Ivory Coast emissary, M. Philippe Yace, the National Assembly president, yesterday met Sr. Marcelino Oreja, the Spanish Foreign Minister. No public statement has been issued on the talks, but Sr. Oreja also yesterday briefed the foreign affairs spokesman of all the main political parties on Spain's attitude to the reconciliation moves.

News reports of this briefing suggest that the Spanish Government might support the Ivory Coast initiative. Socialist Party representatives gained the impression that the Government's position had shifted slightly towards their own which supports the Polisario.

If a summit of the main parties involved in the conflict is to materialise, one precondition of its value from the Algerian side would be a shift in Spain's position. Significantly, Morocco alone has remained silent on the reconciliation moves.

Observers in Madrid believe there is a chance of all sides seriously negotiating a settlement.

This view is based on three main factors. Most important is the recent change of regime in Mauritania which has produced a leadership that actively wants to end the Polisario guerrilla war.

Secondly, France and Algeria have begun to adopt a more conciliatory tone towards each other. Improved Franco-Algerian relations are an essential prerequisite given France's strong military support for Mauritania and Morocco.

Finally, Spain has in the past two months sought to patch up its relations with Algeria, and now appears more confident in the wake of the Organisation of African Unity summit's rejection of Algerian-backed moves to raise the issue of the liberation of the Canaries.

Italian trade balance improves

BY PAUL BETTS

Rome, August 3.

THERE HAS been a sharp improvement in Italy's trade balance during the first half of this year, according to figures released here today by the national statistics bureau, Istat.

In the first six months of the year, the trade deficit totalled L177bn (about £110m) compared with L686bn during the same period last year.

For the second time this year, the monthly trade account recorded a surplus in June, rising to L506bn. In April Italy had a L11bn surplus.

Imports during the first half of this year increased by only 0.7 per cent over the same period last year reflecting the general loss of momentum in the economy. However, there are now signs that the recession is bottoming out.

Exports, on the other hand, increased by 11.9 per cent in the first half compared with the first six months of 1977. The main burdens on the balance of trade account again were oil and agricultural products.

Meanwhile, Sig. Giulio Andreotti, the Prime Minister, was meeting here late tonight with representatives of the main political parties supporting his minority Christian Democrat administration to present the outline of his government's 1979 budget and three-year economic plan. The basic concept of the economic programme is a reduction in the public sector borrowing requirement and increased growth to promote new jobs.

A 12-hour strike by airport and airline workers disrupted flights to and from Rome yesterday, Reuter reports. The national airline Alitalia was forced to cancel all local services. The strike was called in protest at delays in talks on days off to make up for public holidays abolished last year.

Sig. Andreotti is seeking to win all party support tonight for the programme which is expected to be the subject of a further all party meeting early in September.

Meanwhile, Italy's interministerial economic planning committee to-day approved a recovery plan for Italy's ailing shipbuilding and repair industry.

The plan involves an injection of some L800bn into the sector over the next five years, a 10 per cent cutback from current production levels, and some 3,000 layoffs.

The proposals, which should be presented in parliament before the end of the summer, come at the same time as Italy's State-owned shipbuilding and repair group, Fincantieri, controlled by the giant IRI holding announces losses of L33bn in the financial year to April 1978.

Reporter to pay USSR fine

By David Satter

MOSCOW, August 3.

ONE OF THE TWO U.S. correspondents convicted of slander by a Soviet court in connection with an article he wrote about a Georgian dissident said today he would agree to pay an official fine resulting from his refusal to publish a retraction.

Mr. Craig Whitney, a Moscow correspondent of the New York Times, said he would pay the 50 roubles (£38.50) fine set today by Judge Lev Almazov as well as 1,145 roubles (£881) in court costs in order to dispose of the unprecedented civil suit brought against him and Mr. Hal Piper, of the Baltimore Sun, by the Soviet State Committee for Radio and Television.

Mr. Piper was also fined 50 roubles today but was in the United States on holiday. A Soviet legal source, however, said the Baltimore Sun was planning to pay the fine and 1,144 roubles in court costs.

The court costs were imposed at the two men's slander trial on July 18 along with an order to publish retractions in their own newspapers or the Soviet Press. Neither Mr. Whitney nor Mr. Piper attended the trial.

The correspondents refused to publish retractions of stories suggesting that the public recantation of Mr. Zviad Gamsakhurdia (the Georgian dissident) had been fabricated and Mr. Whitney said he hoped this refusal would discourage similar slander suits against other correspondents.

● Reuter adds from Moscow: The family of the jailed Jewish dissident, Mr. Anatoly Shcharansky has voiced doubts about reports from the West that he will soon be freed in a major East-West prisoner exchange. His elder brother, Leonid, just back from a prison meeting with Mr. Shcharansky, said he did not believe in such rumours although he would be happy if they were correct.

Bonn expects GNP will rise extra 1% next year

BY ADRIAN DICKS

BONN, August 3.

THE WEST GERMAN Government expects an additional 1 per cent increase in gross national product next year as the result of its DM 12.25bn stimulatory package. This would result in a 1979 growth performance of 3-4 per cent, according to Dr. Otto Schlecht, State Secretary at the Economics Ministry.

He said it was a coincidence that the package should—according to the ministry's forecasters—have a multiplier effect of 1 per cent growth next year, from the injection of 1 per cent of the current year's estimated gross national product. Some foreign observers, including officials who accompanied President Carter here last month, had hoped for a higher multiplier from the proposed West German tax cut package.

Meanwhile, three major indicators appearing today underline the lingering uncertainties about the strength of the economy. The July unemployment figures, which had been expected to be slightly better than in June, in fact showed a rise of 45,000 taking the percentage rate from 3.9 to 4.1 per cent.

New orders to industry in June showed a small rise: 0.5 per cent overall. Domestic new orders again showed a firmer trend than those from foreign customers. A comparison of May and June with March and April, however, showed a 1 per cent drop in the overall index, with both domestic and foreign orders down.

Industrial production during June was up by 1 per cent on May, although on the same two-month comparison it was unchanged.

The forecasters are treating all these indicators with caution, partly on seasonal grounds such as the end of the school year and the onset of summer holidays. However, all three tend to reinforce Dr. Schlecht's view, which he held some time before the Bonn summit, that West Germany needs additional stimulus next year merely to prevent unemployment worsening.

Private demand, boosted by this year's tax cuts and pension increases, is expected to weaken. Foreign demand is not thought likely to pick up, while there is no sign of any strengthening in domestic investment. "The Government could not have remained inactive," Dr. Schlecht said.

He told journalists last night that without stimulating measures, 1979 growth could not have been expected to exceed 2-3 per cent. This level is now the best that Bonn can hope for during the current year, and Dr. Schlecht stressed that even to achieve a 2.5 per cent increase in real GNP for 1978 as a whole, there would have to be a considerable acceleration to 3.5—4 per cent at an annual rate in the second half.

Once again, Bonn is making clear that its own performance is highly conditional on those of its partners. The preliminary projections for 1979 assume a rise in world trade of 4-5 per cent, and Dr. Schlecht stressed that in addition to the efforts promised by participants at the Bonn summit, the attitudes of smaller countries such as Belgium, Holland and the Scandinavians would be crucial for West Germany's export dependent economy.

Defending the proposed package, which has met unenthusiastic domestic reaction, the State Secretary argued that it ought to act as a moderating influence on 1979 wage settlements.

Against this background, the Federal Labour Office has published, with the July unemployment figures, a new analysis of the West German labour market showing that there remain extensive shortages of skilled men in several major industries.

WEST GERMAN ENERGY SAVING

Insulation and inflation

BY ELGIN SCHROEDER IN BONN

THE TENANTS of a four-storey house in Bad Godesberg, a residential area of Bonn, angrily grabbed the telephone to call each other the other day when they received a circular letter from their landlord. After raising rents twice in two years, the major Cologne-based insurance concern—which invests heavily in real estate like many German insurance companies—was now asking them to foot the bill for installing energy-saving double glazing in their building.

Tenants were informed that such a measure would cost nearly DM 250,000 (£63,000), 25 per cent of which would be paid by federal German Government subsidy. The tenants would have to pay the rest, raising their annual rent bill by up to 11 per cent.

This would mean a monthly increase of their rents of around DM 30 for a one-room apartment (which at nearly DM 400 (£101) already matches prices in highly expensive cities such as Hamburg, Munich or Frankfurt) or around DM 60 for a two-room flat costing at present DM 600 (£152), also a high price for Bonn.

So far "haeusle baien," the Swabian dream of building a small house, leaves little to spare for the other good things of life. It seems that the Swabians of Baden-Wuerttemberg, known for their thriftiness, have less trouble doing without than the rest of their compatriots. That State has the largest amount of property per head of population and the greatest number of building contracts as well as the largest building society in the country.

However, the average West German is a tenant whose rent has gone up by 47.6 per cent between 1970 and 1977, with further rent increases already scheduled. When a new rent law was passed in 1975, substantially reducing the advantages of the landlord over the tenant, house-owners protested that this abolished incentives for developers to build homes for rent.

By introducing the idea of the "locally customary comparable rent," or rent paid for flats comparable from the point of view of location, size and comforts offered, the legislators tried to curb some landlords' desires by permitting rent increases only one year after the last increase if similar flats had become more expensive. This has to be proved to the tenants by an independent expert. The landlord can also charge the tenants with 11 per cent a year of his costs for improving the quality of the house or flat by modernisation. Tenants' need for secure housing is protected by the provision that house-owners can give notice only if they are going to use the place themselves, and not merely when they have found somebody willing to pay more rent.

West Germans face higher rents to help pay for new energy-saving measures but Herr Dieter Haack, the Housing Minister, argues that this is a practical way of fulfilling some of the promises made at the Bonn summit and should result in more jobs in the construction industry.

This sounds as if West German tenants' rights are well safeguarded. But, according to a spokesman of the federal Federation of Tenants, Landlords—and especially the big insurance or construction companies—often use psychological pressure. They demand quick decisions on modernisation measures and rent increases, hinting at law suits, if tenants will not give in quietly. Many tenants, uncertain of their rights, simply pay up.

The 16 households on Matthias-Gruenewald Strasse, however, decided to show a united front to the insurance company. For the first time they called a meeting of tenants and discussed the recent policy of their landlords. It turned out that rent contracts differed, that some had successfuly refused to pay the last rent increase and that all were unwilling to pay higher rents for the installation of energy saving windows in a building that has wide gaps in its outside walls to ensure the airing of the inner apartments' kitchens. But to the tenants, heat regulating thermostat valves on radiators seemed to be a much more necessary energy saving improvement, which would not cost a lot to instal.

The tenants do not expect that their veto will stop the insurance companies' interest for ever, but hope it will at least block the next rent increase and force the company to consider simpler or cheaper ways of saving energy—even if they are not subsidised by the Government or do not help raise the level of rents in the area.

What had hit the tenants of Matthias - Gruenewald - Strasse were the effects of the energy-saving law which the Bundestag had passed at the end of June. Under the new legislation, insulation of windows, roofs, cellar ceilings and outside walls of houses built before January 1 of this year will be supported over the next four years to the tune of DM 4.45bn. House or flat owners can elect to receive either a quarter of their costs back, or claim tax rebates. Further, investment in expensive modern heating techniques, such as solar heaters on roofs, heating systems based on drawing warmth from water, soil or air will be subsidised without restriction under the programme.

When Herr Dieter Haack the Housing Minister presented the new measures, he explained that here was a practical way to fulfil some of the promises made at the Bonn summit regarding energy saving. He also assured the construction industry that new jobs would result from the programme and that this would not be the last boost to the industry, as the State would continue to subsidise modernisation of towns and buildings.

While the Minister cautioned the industry against raising building prices which had already risen "enormously" lately (by about 10 per cent) he failed to give landlords a similar warning on rents.

Only 41 per cent of all West German households are owner occupiers, this is way below the Italian figure of 52 per cent, Britain with 53 per cent, Denmark 58 per cent and Belgium with a high 61 per cent. Despite various Government-sponsored schemes which favour building society savings and tax rebates for mortgages, high property prices plus the fact that tenants are seldom given the option to buy the flats, they live in, have kept the number of property owners down.

Recent reports show a substantial rise in the demand for owner-occupied housing in the first half of 1978. The demand is strongest for one and two family houses.

Eanes in new talks with parties

BY JIMMY BURNS

LISBON, August 3.

PRESIDENT Antonio Ramalho Eanes was due tonight to meet political leaders for the third time in a week, in what is believed to be the first definite step towards forming a Presidentially - backed government of "personalities" that would have majority support in the National Assembly.

This solution of the political crisis is believed to have gained considerable support among both Socialists and Christian Democrats, who have made clear that they alone cannot patch up their differences.

In his speech to the nation on Thursday, President Eanes suggested two alternatives to early elections as a means of solving the impasse. The political parties should either agree among themselves to a restructured alliance, or a government should be formed of "personalities" of recognised political and technical competence around a Prime Minister appointed by the President. This government would be able to remain in office until the next general elections are due in October, 1980.

Socialists and Christian Democrats have privately indicated that the latter alternative would be acceptable as long as it included a number of ministers picked from their respective parties.

President Eanes, meanwhile, is expected to extend his deadline for a solution to the crisis, to allow him time to sound out further party opinions. This deadline was rejected by the Socialist Party national council last night. Although dismissing the possibility of an early agreement with the Christian Democrats, the Socialists have asked the President to take the initiative and appoint a Prime Minister of his choice.

European Court staff plea

BY GUY DE JONQUIERES

BRUSSELS, August 3.

THE EUROPEAN Court of Justice, the ultimate interpreter of EEC law, has shed its mantle of Olympian detachment to enter a fervent plea for more staff and better working conditions.

The President of the Court, Dr. Hans Kutscher, has written to the European Commission and the German Presidency of the Council of Ministers warning that the work load on him and his fellow judges is in danger of growing to unmanageable proportions.

He points out that the number of cases brought has grown from 19 in 1957, the first year of the court's existence, to 164 last year and reached 157 during the first six months of this year alone.

He proposed that the number of judges should be increased as soon as possible to 12 from nine at present—one from each member country — while the number of Avocats-Generaux or Public Prosecutors should be enlarged from four to six.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Japan unlikely to alter trade surplus pattern

BY DAVID CURRY

PARIS, August 3.

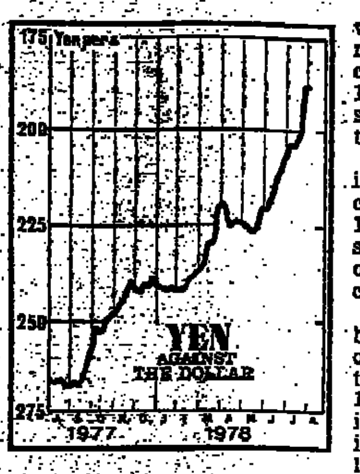
THERE IS little chance in coming years that the pattern of Japanese trade will change so as to overcome its persistent surpluses with other industrial countries and deficits with primary producers. This is a conclusion of a study of long-term trends contained in the latest OECD report on Japan.

While the appreciation of the yen should reduce the price competitiveness of Japanese goods on overseas markets the OECD argues that this same appreciation will moderate domestic price movements. Consequently "the impact on future export growth may not be as important as suggested by the magnitude of the exchange rate movement" the report states.

The report expects that imports of manufactured goods may well accelerate because of lower import prices and because foreign exporters may make greater efforts to get into the Japanese market. However, here again it thinks there will be a contrary trend in the shape of a slow-down in imports of raw materials and intermediate goods as a result of slower growth in GNP in the medium-term and the decline in the elasticity of materials imports with respect to production.

It notes that any reversal of the movement of the terms of trade in favour of manufactured goods would hurt Japan's current balance and suggests that there is substantial hope for increasing long-term capital outflows.

On the invisibles front the report expects a continued Japanese deficit — the current deficit in this area reached $6.4bn last year. The main factors are identified as the deterioration in the transport business linked to the expansion of trade and the shift from Japanese to chartered



foreign vessels to take advantage of the lower wages on non-Japanese ships. It notes a rising trend of miscellaneous payments and steadily increasing amounts being spent overseas by Japanese tourists.

The report studies the expansion of Japanese exports since 1960. It notes that the annual expansion in dollar terms in 1960 to 1965 was 16 per cent and that this had increased to 24 per cent in the first half of this decade before slipping to 20 per cent in the past couple of years. In volume, the reverse trend is noted, with a decline of 20 per cent in the first half of the 1960s to 15 per cent in the second and 10 per cent over 1970 to 1975.

Japan has also steadily gained in market share—from 5.4 per cent in 1965 to 7.4 per cent in 1970, though there has been some recent stagnation and loss of market share in particular countries.

A further factor highlighted by the study is the high level of elasticity of Japanese exports to world trade in the period since 1960—put at 1.9 per cent. This is attributed to the rapid change in the structure of exports from light industry, notably textiles, to iron and steel and chemicals and more recently to motor vehicles. This has reflected the change from labour to capital and now to technologically intensive industry.

Any recent decline in price elasticity is thought to reflect the growing importance in non-price factors like quality, delivery and after-sales service.

In dollar terms imports also grew at a rapid annual rate for an average of 12.3 per cent in the first half of the '60s to 17.2 per cent in the second.

EXPORT STRUCTURE BY COMMODITY PERCENTAGE SHARE IN DOLLAR TERMS

	Textiles	Chemicals	Iron & Steel
1960	30.1	4.5	9.6
1965	18.7	6.5	15.3
1970	12.5	6.4	14.7
1975	6.7	7.0	18.3
1977	5.8	5.3	13.1
	Machinery	**TV sets**	**Automobiles**
1960	25.5	0.0	2.0
1965	35.2	1.0	2.8
1970	46.3	2.0	6.9
1975	53.8	1.4	10.7
1977	61.8	1.7	14.4

$17m for drug damage awarded

TOKYO, August 3.

A COURT today ordered the Japanese Government and three drug companies to pay damages totalling Y3,250m ($17m) to 119 victims of a nervous disease and 14 of their relatives.

District Court Judge Tsuneo Kabe ruled that the disease called SMON (Subacute Myelo-Optico-Neuropathy) was caused by the drug Quinoform contained in a product marketed by the three firms to counter diarrhoea.

He blamed the State for failing to stop the firms manufacturing and selling the product.

The Government and the three firms—Ciba-Gei[illegible] (Japan), a subsidiary of the [illegible] chemical firm Ciba-Geigy, [illegible]a Chemical Industries and T[illegible] Seiyaku—have two wee[illegible] ledge an appeal.

The case was [illegible] by the 133 plaintiffs seven [illegible] ago.

The disease [illegible] loss of limb control, [illegible] of the upper body and [illegible]ness.

Under the co[illegible]ing, each plaintiff would [illegible] between Y11.8m and Y49.7m ($62,000 and $262,000) depending [illegible] the extent of the illness.

The case was one [illegible] 24 filed in Japan by 4,500 patients claiming to have contracted the disease and relatives. The State and the three companies are defendants in each action.

Last October, the State, Ciba-Geigy (Japan) and Takeda reached an out-of-court settlement with 35 patients to pay them damages totalling Y880m ($4.6m).

In March, a district court in Kanazawa ordered the four defendants to pay damages of Y249m ($1.3m) to 16 people. An appeal has been lodged.

Reuter

Consortium turns down Pakistan aid appeal

ISLAMABAD, August 3.

AN international aid consortium has turned down Pakistan's appeal for 2m tonnes of wheat and has asked for a better explanation for its poor harvest, informed sources said today.

The sources said the 11-member "aid to Pakistan" consortium was dissatisfied with Pakistan's explanations that it had failed to meet production targets because of a reduced growing area and bad weather.

The World Bank-led consortium, which met in Islamabad last week, also demanded details of Pakistan's plans to meet next year's target of 9.5m tonnes, the sources said.

The consortium called off plans to meet in Washington next Thursday, they added.

Pakistan circulated a memorandum in which was forecast a shortfall of 2.3m tonnes, of which 300,000 tonnes had been promised by the U.S.

"It would not be possible for Pakistan to import 2.3m tonnes out of its own cash foreign exchange resources without subjecting its already precarious balance of payments position to severe stresses and strains and without disrupting its development efforts," the memorandum said.

Reuter

Australian dispute hits telephones

SYDNEY, August 3.

AUSTRALIA'S communications dispute has worsened with more employees being sent home for refusing to do certain work because of disagreements over the computerisation of the country's telephone system.

The Federal Secretary of the Telecommunications' Association said that he doubted whether the dispute could be settled by arbitration because of the complex issues involved in the introduction of new technology.

In the latest development, 35 Telecom employees in South Australia were temporarily relieved of their jobs without pay—until they are willing to return to do the work in question—bringing to about 450 the number of technicians sent home in four states.

The dispute, which began on Tuesday, is affecting telephone and telex operations as well as some radio and television services.

Agencies

Israeli fighters bomb S. Lebanon

BY OUR FOREIGN STAFF

ISRAELI JET fighters pounded targets in Southern Lebanon yesterday in retaliation for a bomb blast in Tel Aviv which killed one person and wounded 46. In Beirut Palestinian officials claimed that the Israeli planes had pounded an empty commando base south of Sidon and that there had been no guerrilla casualties.

Meanwhile, fighting continued in Beirut between Syrian troops and members of the right-wing militia who draw their support from Lebanon's Christian population. Both sides said they had sustained several casualties.

The fighting was discussed at a meeting between Lebanese President Elias Sarkis and Abdel-Halim Khaddam, the Syrian Foreign Minister.

In Washington, the House of Representatives has voted to cut economic aid to Syria because of attacks on Christian civilians in Lebanon by Syrian peace-keeping forces. But the aid cut is not final as the Senate has not yet acted on the Bills.

A State Department spokesman said that the U.S. condemned yesterday's bomb blast in Tel Aviv. There was no immediate U.S. reaction to the Israeli retaliatory raid.

Meanwhile Mr. Cyrus Vance, the Secretary of State, was due to leave today for the Middle East in the hope that peace contacts between Israel and Egypt can be restarted.

David Lennon in Tel Aviv adds: Israel has now joined Egypt in looking to Washington to find new ways of making progress in the deadlocked peace negotiations.

With President Sadat's firm refusal to hold further direct talks unless Israel agrees in advance to withdraw from occupied territories. The Government here believes that only strong American intervention can break the impasse.

Two weeks' ago, it had been expected that Mr. Vance would be coming to chair Israeli-Egyptian talks in Sinai. But Mr. Alfred Atherton, the roving U.S. ambassador, said in Jerusalem last night that the present expectation is that there will be no direct talks at present.

If it appears that a comprehensive settlement is no longer possible, Israel is prepared to try for a partial, bilateral settlement with Egypt.

THE SINO-VIETNAMESE CONFLICT

Old hatreds, new fears

BY HARVEY STOCKWIN IN HONG KONG

CHINA AND Vietnam are scheduled on August 8 to start discussing their differences at vice foreign minister level. At the very best, diplomatic observers have not been expecting the talks to be very productive.

On August 1 an incident on the Sino-Vietnamese border produced new support for this pessimism. According to the Chinese, 3,500 Vietnamese Chinese were driven across the border when Vietnamese border guards opened fire. According to the Vietnamese, China's agents instigated the refugees problem in order to create an incident.

The incident merely extends the pattern of the last few months of heightening Sino-Vietnamese acrimony. It is still assumed that Vietnam and China will stop short of open warfare, but even that is not certain, as the Sino-Vietnamese split escalates as an extension of the Sino-Soviet cold war, and the ongoing border war between Vietnam and Cambodia.

Sino-Vietnamese antagonism is, of course, one of Asia's oldest conflicts. China has traditionally found Vietnam a troublesome neighbour, while the Vietnamese have traditionally struggled to maintain their identity and independence from the giant to their north. During the 1950s and 1960s the United States assumed Sino-Vietnamese communist solidarity, but even the huge American involvement in the Vietnam War never entirely submerged the two countries antipathy.

The recent deterioration of relations began as the Vietnam-Cambodian border war flared up late last year. China, as Cambodia's only ally, took the Cambodian side with enthusiasm, accusing Hanoi of seeking to impose its will over Indochina. Vietnamese irritation with Chinese support for Cambodia was equally manifest.

Acrimony between the two countries significantly escalated in April this year over the issue of the 1.6-2m Vietnamese of Chinese origin. The precise chain of cause and effect is still difficult to determine. China turned its verbal wrath on Hanoi for "persecuting" the Vietnamese Chinese while Vietnam accused China of stirring up Vietnamese Chinese discontent.

Sino-Vietnamese antagonism is one of Asia's oldest conflicts. China has traditionally found Vietnam a troublesome neighbour, while Vietnam has struggled to maintain its independence from China.

China then imperiously dispatched two passenger ships as a symbol of its concern, even as it withdrew its ambassador from Hanoi, ostensibly for health reasons. The Vietnamese insisted that this passenger ship diplomacy follow Vietnamese rules and procedures. Talks on the issue proved abortive, and after two months hanging around, the two ships have finally returned without having rescued a single refugee.

Meanwhile, 160,000 Vietnamese Chinese have fled across the border with China. China imposed regulations to halt the flow, which helped create the incident last Tuesday. The failure of the low-level discussions over the ships led to the Vice-Foreign Minister talks due to start next Tuesday.

Meanwhile in retaliation for the dislocation caused by the refugees, China first sharply reduced, and then ended, all its aid to Vietnam. China thus did to Vietnam what China had once resented Russia doing to China. The issue of the Vietnamese Chinese and the aid cut-off have greatly escalated the bitterness of mutual recriminations.

What lies behind all the acrimony and antagonism? From China's viewpoint, Vietnam's main sin has been its ever-closer relations with the Soviet Union, which have now earned Vietnam the title of being "Asia's Cuba" in Chinese eyes.

No sooner had the Vietnam war ended than Peking officials started worrying about possible Russian use of ex-American military bases in Vietnam.

Other Chinese motives would appear to be a desire to show concern for the overseas Chinese at a time when Peking seeks greater overseas Chinese involvement in its own modernisation programmes, and to put pressure on the Vietnamese thereby diverting Vietnamese pressure away from Cambodia.

One reason for Vietnamese hostility to China is undoubtedly that it regards Indochina as its special sphere of influence, and finds the Cambodian communists exceptionally irritating. From the Vietnamese point of view, the Chinese concern for the Vietnamese Chinese minority is hypocritical, since Vietnam was only adopting the measures that China has also found ideologically necessary, and China had said nothing at all about the persecution of Cambodian Chinese.

The Vietnamese, by the first quarter of this year, were faced with a situation in which the Vietnamese Chinese were mainly responsible for the success of a growing black market, not merely in South, but also in North Vietnam—a market which had cornered the bulk of the rice supply.

But the crackdown creates further dislocations when the Vietnamese economy is already in poor shape. Substantial aid is needed rapidly—particularly to ease the grain shortage—as well as a degree of protection from the assertive giant to the north. Aid is not going to be quickly forthcoming from the U.S., which leaves Vietnam with no choice but to get aid and support from the Soviet bloc, and join Comecon—thereby promoting the very fears that already inspire China's policy.

So the net effect of the Sino-Vietnamese imbroglio is that fears become realities. China fears Russian encirclement—but seems to be acting in such a way as to enhance rather than diminish that prospect. Vietnam fears Chinese assertiveness, but is pursuing a course which is scarcely calculated to secure Chinese passivity. Cambodia fears national and ethnic extinction at the hands of the Vietnamese, and is acting in such a way as to enhance that fear. Vietnam was faced with overseas Chinese behaving with typical overseas Chinese sensitivity towards local nationalism. The Vietnamese Chinese are now faced with a Vietnamese Government behaving with all too typical south-east Asian insensitivity towards a Chinese minority.

AMERICAN NEWS

Stock market rally lowers Treasury auction yields

BY JOHN WYLES NEW YORK, August 3.

THE SHARP rally in the New York securities markets over the past few days is producing returns substantially lower than expected on $7bn worth of U.S. Treasury notes and bonds being sold this week.

Yesterday, at the same time as prices on the New York Stock Exchange were recording their largest daily gain in three and a half years, the bond market was also surging forward. Stocks and fixed income securities have risen on the apparent conviction among investors that interest rates will not increase much more, if at all. This has brought very large amounts of cash gushing out of institutions which have been parked quite firmly on the sidelines for the past 18 months.

Many fund managers are anxious to climb aboard a genuine rally, and optimism on interest rates, although considered to be misplaced by most economists, seems to be the signal investors have been awaiting. The stock market this morning leaped another 13 points in the heaviest first trading hour in history.

By the close, the market established a new daily volume record of 65.5m shares, comfortably surpassing the 63.5m traded on April 17. But prices failed to hold their early gains and the industrial average finished the day 3.38 points higher.

The bond market dipped somewhat in early trading but had largely recovered by mid-morning. The initial faltering was due to fewer than expected tenders for yesterday's $3bn auction of new seven-year Treasury notes. This issue failed to fulfil the predictions of only 10 days ago that this week's Treasury auctions would set new record yields to investors.

On Tuesday, the expectation had seemed justified when a $2.5bn sale of three-year notes yielded a record 8.46 per cent for this type of Government security. The high volume of tenders for the notes, however, immediately raised their price in the secondary market and reduced their yield yesterday to 8.32 per cent. At the same time, the seven-year notes were auctioned at 8.36 per cent, producing the highly unusual situation of a longer-term security being auctioned at a lower yield than a short-term.

But the government securities market had been showing unexpected strength towards the end of last week, when something of a "short squeeze" developed, with dealers rushing to replace securities they had borrowed and sold in anticipation of replacing them at a lower price.

The final phase of the Treasury financing exercise this week, the auction of $1.5bn 30-year bonds, produced a lower-than-expected average yield of 8.43 per cent, which was nevertheless the best return on a long-term Government security. The Treasury received some $2.5bn in bids for the bonds which, just over a week ago, had been expected to yield between 8.6 and 8.65 per cent.

● The U.S. money supply showed a substantial $2.7bn increase for the latest reporting week, which will do nothing to ease pressure on interest rates. This rise in the M1 measure offsets a $2.8bn fall reported by the Federal Reserve last week. The broader measure, M2, rose by $4.2bn.

Citibank officials quit

BY DAVID LASCELLES NEW YORK, August 3.

CITIBANK CONFIRMED here today that two bank officials who handled its foreign exchange business in Brussels and Paris resigned about two months ago. However it insisted that these resignations were not connected with allegations by a former employee that there were irregularities in its foreign exchange dealings.

The two officials were M. Jean-Pierre de Laet, treasurer of Citibank's Paris branch, and Mr. Robert Devleschoudere, treasurer of the Brussels branch.

M. Devleschoudere was mentioned in court papers filed here by Mr. David Edwards, a former Citibank employee who is suing the bank for wrongful dismissal allegedly because he uncovered what he believed to be violations of foreign exchange regulations in certain European countries. M. Devleschoudere was the author of a memo which Mr. Edwards has produced as evidence of alleged irregularities in the Brussels branch's foreign exchange dealings.

Mr. Edwards also alleges that M. de Laet acted in a questionable way in the money markets.

Citibank has strenuously denied any wrongdoing, and it said here today that its own investigations had shown the charges against M. de Laet to be without foundation.

Row over Canada car incentives

BY DAVID BUCHAN WASHINGTON, August 3.

SENIOR U.S. Treasury officials are to press their complaints in Ottawa tomorrow that the Canadian Government is unfairly offering U.S. car companies incentives to establish themselves north of the border and, at the same time, depriving the U.S. car parts industry of traditional customers.

An Assistant Secretary of the Treasury, Mr. Fred Bergsten, who will lead the U.S. team in Ottawa, earlier this week told a Congressional sub-committee that such practices by the Canadian Government were contrary to the U.S.-Canada automotive products agreement of 1965, and to the OECD council decision of 1976 on international investment incentives.

U.S. official concern has been aroused by the recent offer to the Ford Motor Company of $70-75m in incentives to establish a new engine plant in southern Ontario. What annoys the U.S. administration is that part of this will be paid by the federal Canadian Government.

The administration here recognises the right of individual *Canadian provinces, like individual* U.S. states, to offer investment incentives. Canadian diplomats here, however, counter that this level of incentives is necessary, to match what Ford is being offered by the state of Ohio. The company is examining an alternative option of expanding one of its existing engine plants there.

The other concern of the Administration centres on the agreement that the Ottawa government made in June with Volkswagen, whereby it agreed to lower tariffs on the importation into Canada of Volkswagens made in the U.S. by roughly the same proportion by which the German car company agrees to increase its purchase of Canadian-made car parts throughout its global manufacturing operations. Canadian sources say that similar arrangements are being contemplated with Honda and Mazda.

The U.S. Administration believes that the Volkswagen agreement may reduce the amount of U.S car parts which the new Volkswagen plant in Pennsylvania buys and augment purchases by the plant from Canada.

Storm in Chile over murder

BY ROBERT LINDLEY SANTIAGO, August 3.

THE INDICTMENT by a federal grand jury in Washington of three Chilean officers in connection with the murder in 1976 of Sr. Orlando Letelier, a former Chilean foreign minister, is having tremendous repercussions here.

Sr Letelier, who served in the left-wing administration of President Allende which the Chilean military overthrew in 1973, was killed by a bomb in his car.

The U.S. State Department has asked for the extradition of Gen. Manuel Contreras, the former head of the Dina secret police, and two of his senior aides in the organisation.

The news has occupied the front pages of all the newspapers here and much time on radio and television. In the wake of the preventive detention by the Chilean Government of the three officers, the President, Gen. Augusto Pinochet, at a breakfast in Government House with journalists, said that there are political groups in Chile trying to take advantage of the case to further their cause.

The storm over the sacking last week by Gen. Pinochet of Gen. Gustavo Leigh—who was commander-in-chief of the air force—and a member of the ruling four-man military junta, because Gen. Leigh had called for a return to democracy within five years—still has not subsided.

There is much unpublished speculation here that more U.S. indictments may be forthcoming, involving officials even more senior than Gen. Contreras, who has long been a close associate of Gen. Pinochet.

As a result of the indictment of the three Chileans—Gen. Contreras, Col. Pedro Espinoza and Capt. Armando Fernandez—the Chilean Government has put them under house arrest here to await the outcome of the petitions for their extradition. The State Department indicates that these will be forthcoming within three weeks. This allegedly is the time needed to translate the petitions into Spanish.

The Chilean supreme court will decide, on the merits of each petition, whether to grant extradition. El Mercurio, the pro-government daily newspaper here, says that, "during the extradition trial, genuine proofs would have to be presented," but states that, up to now, all we have "is the testimony of persons who, to rid themselves of part or all of the burden of justice, accuse others."

This is a reference to a U.S. citizen, Mr. Michael Townley, an agent of Dina, who is in custody in Washington, having been "deported" to the U.S. by the Pinochet regime. Mr. Townley's Chilean lawyer, Sr. Manuel Acuna, said here yesterday that, in April in the U.S., his client signed an agreement with U.S. jurist, Mr. Earl J. Silbert, whereby he would be given a ten-year sentence for his role in the murder of Sr. Letelier and of his American woman associate, Mrs. Ronni Moffitt. But, said Sr. Acuna, Mr. Townley might be free in 40 months, implying that such will be his reward for having turned state's evidence by testifying against the three Dina men.

It has been learned, however, that Mr. Townley telephoned the office of the military attorney-general here yesterday to express his preoccupation about the predicament of the three detained officers. He also inquired about the repercussion of the case here.

Reuter adds from Washington: The U.S. Government disclosed today that it has worked out a plea bargain with Mr. Townley.

In the U.S. criminal justice system prosecutors frequently make such bargains to allow defendants to plead guilty in court to lesser charges, in return for information to impliceat others.

Congress to question S. Korean

WASHINGTON, August 3.

SOUTH KOREA has agreed to allow Mr. Kim Dong Jo, its former ambassador to Washington, to give testimony about his role in alleged influence-buying in Congress, the House of Representatives Ethics Committee said today.

A committee member said South Korea, which had been refusing to allow the questioning on the grounds of diplomatic immunity, will let Mr. Kim answer written questions. He will not be under oath in answering, however.

Mr. John Flynt, the committee chairman, said Mr. Kim's information was expected to contribute significantly to present investigations.

Reuter

Bid for 1980 presidency

BY OUR OWN CORRESPONDENT WASHINGTON, August 3.

THE CONTEST for the 1980 Republican Presidential nomination formally opened yesterday when Representative Philip Crane, a markedly conservative Illinois Congressman, announced his candidacy.

Mr. Crane, a former university teacher who supported the bids for the Presidency by Mr. Barry Goldwater and Mr. Ronald Reagan, will be well to the right in what is likely to a remarkably crowded field.

Modelling his tactics on those so successfully used by Jimmy Carter, Mr. Crane explained that his name was not well known to the American public and therefore he "needed to break out of the pack early." Mr. Carter announced his candidacy for the 1976 election as early as December 1974.

The other advantage to Mr. Crane of filing his candidacy with the Federal Election Commission early is that he can now start raising campaign contributions.

However, no funds collected before 1979 will be eligible for the matching federal payments, instituted in the aftermath of Watergate to reduce the role of private donations in American politics.

Though Mr. Crane may be too conservative to become President, he denies that his candidacy will merely split the right-wing Republican vote.

Warning of aid cut repercussions

WASHINGTON, August 3.

THE HOUSE Democratic leader Mr. Jim Wright, said today that further reductions in the 1979 U.S. Foreign Aid Bill would severely impair President Carter's flexibility in conducting foreign policy.

He gave the warning in a speech as the House prepared to act on a $7.3bn Foreign Aid Appropriations Bill which may suffer a severe mauling because of growing disenchantment in Congress with the idea of high levels of foreign aid.

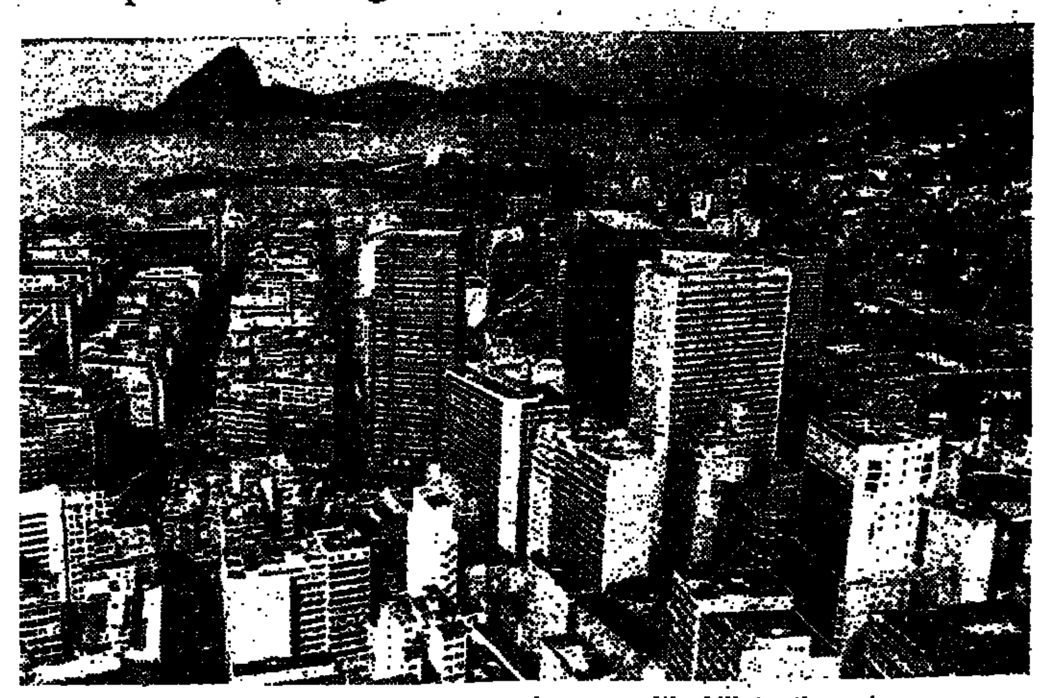
The House voted last night to cut economic aid to Syria next year because of attacks on Christian civilians by Syrian forces in Lebanon.

Repter

U.S. COMPANY NEWS

Pharaon shelves proposed bid for OKC: Store groups record higher sales: Beatrice Foods merger with Tropicana Products delayed again: Increase in profits at Hoover—Page 22

Diana Smith reports on the growing traffic congestion of Rio de Janeiro



Rio is hemmed in by the sea on the west and by hills on the east.

Chaos in the narrow streets as the car population explodes

THERE ARE nearly 7m people living within the city limits of Rio de Janeiro. If one adds the population of greater Rio, the total is around 10m. The city *limits enclose just over 6,000 sq km — hardly exorbitant for* a population that increases by 300,000 a year.

Geographical circumstances give Rio a very odd shape, doing nothing to ease the problems of the population explosion. Essentially, it is a wandering, narrow strip that runs erratically from north to south, being hemmed in on both the east and west sides.

To the west is the Bay of Guanabara, and to the south-west the Atlantic Ocean. Eastward, by the heart of the city, are, if not mountains, high, awkward ranges of hills. So the city wanders where it can, constantly running into natural obstacles.

Those who imagine Rio de Janeiro as a sleepy, sandy, palm-studded, picturesque haven of colonial architecture will find their illusions finally shattered when they learn it also has 650,000 vehicles on its roads — 556,000 of them cars. In 1977, 83,128 new licences were issued — in what was a quiet year for the Brazilian car industry.

This year, in the first six months, nearly 500,000 vehicles were produced and sold—good news for Volkswagen, which took 48.9 per cent of the market, as well as for General Motors (18 per cent), Ford (15.2 per cent) and Fiat (8.25 per cent), all of which produce small and medium-sized cars in Brazil.

It is, however, bad news for people who find the 24-hour roar of Rio traffic hard on their nerves. Here a quiet street is one where vehicles blast by every 20 instead of every two seconds.

While the 556,000 cars jam the streets and pavements (because there are not enough underground or above-ground parking places) Rio's roar is heightened by its buses, fuming, hissing, belching black smoke (or fumes from faulty air conditioners on the luxury versions).

Rio's narrow streets that, because of the city's weird shape, often lead smack into a hillside, exacerbate traffic problems at the best of times. They are made yet more serious because almost a tenth of the city is inaccessible to traffic this year, while the metro is being built.

The metro is Rio's Shangri-La. The first line, due to be completed (they say) by the end of this year, will be able to carry 80,000 passengers an hour in both directions. The Rio transport authorities are spending $34m a month on the metro works, and untold energy trying to pacify people whose homes and places of work lie along the route.

The building of the metro has *been marked by small battles* and in some cases, all-out war between workers drilling, cutting and shoring up the metro works, and the public. In one street whose former calm has been ruptured day and night by chattering drills, the residents banded together and bombarded workers with chunks of cassava root, rotten eggs, tomatoes and bananas. One resident went even further and every time the drill was started up, shot at its power generator, frightening the workmen half to death.

While the metro creeps towards completion, Rio's traffic worsens daily. It is estimated that an office worker who takes a bus five miles from the north zone to the centre will waste four hours a day travelling (and probably have his pay docked for being late).

Rio's buses are very special. There are 6,184 of them, owned by no less than 53 different private companies, travelling over 380 different routes. On any given day, 1,500 buses are out of commission. This means that just over 4,500 buses carry 6.5m passengers a day, in extreme discomfort and perilous safety.

The 1,500 temporarily out of commission are those with faults so serious that the most obstinate driver could not get them to start. The rest often run with faulty brakes, dangerously-worn tyres, springs bashed into ineffectivness and steering equipment that leaves much to be desired. In fact, for a modest two cruzeiros (5 pence), the flat fare for a long journey, you can have all the thrills and spills of a roller-coaster or the dodgems without going near a fairground.

In the five months I have been in Rio de Janeiro, there has not been one day that I have not read a report of a bus crash: a bus rams into another one—headline: "four dead, dozens injured:" or into a passenger car—headline: "Occupants of car die as bus crushes it;" it veers out of control and crashes into a wall or a railing—headline: "Bus plummets into ravine: ten dead;" equally out of control, it drives into a bus queue — headline: "Woman standing at bus stop crushed under wheels of bus."

The mayhem was at its height from June 1 to June 25 when Brazil's football team was competing in the World Cup in Argentina and, it seemed, bus drivers' minds were on their transistor radios, not the road.

In the late evening, when everyone in central Rio but journalists have gone home, my journey home takes six minutes. In the morning rush, it takes from 30 to 50 minutes, and every morning I wonder why I perform this masochistic ritual. My bruises are permanent, from hitting metal-rimmed seats as the bus hurtles round a corner at speeds even Andretti would avoid, my right arm grows inches longer by the month from hanging from the overhead rail while the bus swings from side to side.

Meanwhile 2,214 people died in traffic accidents in Rio de Janeiro in 1977 (1,532 of them knocked down). In Brazil, as a whole, it is estimated that 18,500 *people were killed, 150,000* injured. However, officials admit this estimate is probably optimistic.

It would be unfair to say that Rios traffic authorities have not tried to do anything about the situation. For years, they have been fighting with private bus companies to make them check their vehicles thoroughly and regularly (at present, they are only checked every 45 days—as an "economy measure," the owners say). They have set up *police* supervision to prevent queue jumping at "difficult" bus stops—but, often, eager police attempts to discipline queue jumpers only add to the violence.

The authorities have tried to persuade the 53 companies to carry out mergers, in order to reduce their number to 27, and eliminating the present overlapping on the same route of several, competing companies. They have also tried to persuade bus owners to put money into servicing, to be selective in hiring drivers, and to pay better wages, hinting that bus owners live "in nice homes, drive expensive cars and have widespread investments," and have small justification for their repeated pleas of shortage of funds.

The authorities have also made marked improvements in commuter trains, on one line putting 30 brand-new Japanese units into service last year. These carry an average of 250,000 people a day, and on this privileged line, passengers are now contented.

Moreover, the Brazilian Government has just created a centralised public transport authority, destined to tackle the urban transport needs of this country with a population of 110m, now growing at a rate of over 3 per cent a year.

Meanwhile, Rio de Janeiro screeches, honks, roars and crashes its way onwards. The metro will relieve its problem for a while. But, when one realises that the car population has increased 283 per cent in ten years, contemplation of Rio's traffic ten years from now if rates of increase in car ownership continue brings on instant migraine—not only for the sensitive, but for unfortunate officials who must perform miracles of financing and juggling with very limited erratic space in order to cope.

GAMBLING IN NEW JERSEY

Investors' gold rush to Atlantic City

BY DAVID LASCELLES IN NEW YORK

MR. JAMES CROSBY, the craggy chairman of the Resorts International gambling concern who is making over half a million dollars a day at his new Atlantic City casino, is bullish about the *gambling industry's future even* though everyone from Playboy to the Japanese is getting in on the act. But he can afford to be optimistic.

Mr. Crosby, the first businessman to anticipate New Jersey's liberalised gambling laws, bought up 20 per cent of Atlantic City's 3-mile Long Ocean front for $20,000 an acre in 1976. This land is now selling for $4m an acre.

In fact, the dollars being gambled at Mr. Crosby's slot machines and gaming tables pale before the sums that investors are now pouring into Atlantic City, which only a year ago had almost been written off as a has-been resort with empty, decaying hotels and growing ethnic problems.

"Naturally, all this is good for our company," says Mr. Crosby. "It also bodes well for the city. But it shows that the newcomers are more than just speculators. You need a lot of money now to start up in Atlantic City." He himself spent $20m, but later *arrivals* are spending several times that figure.

"It's been like a gold rush" Mr. Crosby said at a recent dinner meeting with industry analysts and the Press. A 51-*year old bachelor, Mr. Crosby* suffers from asthma which his colleagues say has turned him into a doer, not a talker. And though Mr. Crosby's purchase is perhaps the biggest gamble so far taken at Atlantic City because he moved in before New Jersey had even voted to permit casinos, his boldness has paid off.

The dollars being gambled at Atlantic City pale before the sums investors are pouring into the place, which a year ago had almost been written off as a has-been resort.

His venture, which he has just enlarged, has been extremely successful. And, despite the scramble for land as others rush to cash in on the boom, Mr. Crosby estimates he will have a clear field for at least 15 months. His closest rivals are Caesar's Palace, the Nevada casino group, and Howard Johnson, the motor inn chain, who are planning a joint venture. But they have *several legal bridges to cross, and* if they fail to open on time, the next casino in the pipeline will not be ready until mid-1980, by which time Mr. Crosby's second casino will be in business.

One of his competitors' *problems, incidentally, is the* threat by the aggrieved authorities in Nevada, who previously had a *monopoly* on gambling, to bar any of their licensed casino operators from investing in casinos outside the state.

Mr. Crosby admits to a slight fear that the balloon could burst. By his estimates, Atlantic City can take 10 casinos based on the size of the population located within a few hours' drive. If all projects so far announced materialise, that figure would be reached in the early 1980s.

But by then, Mr. Crosby's company hopes to have launched further projects, possibly in Florida where a referendum on a gambling amendment to the state constitution is due to be held *in November. There is a strong* body opposing the move, but its position could be weakened if Atlantic City's success holds up.

Meanwhile, though, Mr. Crosby is busy consolidating his position in Atlantic City. He recently won *approval to extend his casino's* floorspace by 60 per cent. With characteristic boldness, he had already built, decorated and equipped this extra space before he received permission to throw it open to the public. He has also started work on a second casino which will be opened in 1981, by which time, analysts estimate, his company will be turning over $500m a year.

It all sounds too good to be true. But Mr. Crosby is not divulging much about his company right now. Apart from the gambling revenue which he is obliged to report to the State authorities, he has released few figures on the hotel, restaurants and bars that serve the casino. All he will say is that "the bars are very busy." He has, however, rebutted charges that his casino will never lure the big gambler away from Nevada. Although some of his slot machines take as little as 5 cents, several of his gaming tables have minimum bets of $100. "The big gambler *is already there,*" he said.

Not everything has been plain sailing, though. There have been frequent (though unproven) allegations that big crime is eyeing the place. The casino has also been found guilty of 39 violations of State gambling laws which, if pursued, could lead to fines of up to $39,000.

In the longer term, Mr. Crosby's biggest uncertainty is that he has, as yet, only been granted a temporary casino operator's licence. He explains that the Gambling Commission has to run his several thousand employees through a security check, and investigate the hundreds of companies who supply him with goods and services.

"It all takes time," he said. "We all have to be patient." This may sound like the philosophical reflections of a gambler. But Mr. Crosby insists that he is not a gambler.

"Gambling is boring," he said. "Besides, the odds are stacked *in favour of the house.*"

GOLF: U.S. PGA TOURNAMENT

Watson goes three strokes clear

BY BEN WRIGHT PITTSBURGH, August 3.

WITH SKIES threatening, the first round of the 60th U.S. PGA championship continued at Oakmont Country Club. The position changed dramatically when Tom Watson went five under par after 13 holes to be three strokes clear of his nearest rival. He did it on a course made much easier by the thunderstorm of the early afternoon, which took much of the pace out of the greens.

Of those still on the course, Johnny Miller, was reminding spectators of how he won here with a final round of 63 in 1973. Today, he went two under par in the outward half of 34, to the 35 and 38 respectively of Jim Simons and Arnold Palmer.

Earlier, Jack Nicklaus, the favourite to win here, was in danger of missing the half-way cut for only the fourth time in a major championship in his 16-year career as a golf professional.

After a thunderstorm delayed the first round here today, he scored 79, eight over par, equalling his highest score in a major championship, which he recorded in the second round of the U.S. Masters' tournament of 1967, when he missed the cut as the defending champion.

He also missed the cut in the 1963 U.S. Open as defender of the tile, and last had this unenviable experience when he left the 1968 U.S. PGA championship at the half-way stage.

Play was halted for nearly 90 minutes by a thunderstorm which threatened to wash out play for the day. But it gave way to sullen skies when play was restarted at three o'clock, with further violent storms forecast for later in the day.

At this stage, Nicklaus was seven over par going to the 16th hole, at which he dropped his final stroke to par on the resumption.

It appeared at one time that Nicklaus might escape and be *able to start all over again. This* could have happened if the rain had persisted, when the whole of the first round would have been postponed until tomorrow. What actually happened was that, soon after three o-clock, officials announced that, whatever happens to the weather later today, all recorded scores will count, and, if necessary, the first and second rounds would be completed tomorrow.

The current leaders at two under par are Ben Crenshaw, *who performed with distinction* in the recent British Open, and the veteran Dave Hill. Each scored 69. Hill has been playing so badly that he has only made the cut in two previous tournaments this season, easily the worst of his career.

Crenshaw, renowned as the best putter of the modern era, was expected to do well here because the greens are traditionally the fastest and trickiest in the world. In fact, the young, blond Texan three-putted twice, which is unusual for him but likely to be one of the best performances of this event. For instance, Gary Player took four putts at the first hole in compiling a score of 76, which was a triumph of character in the circumstances.

At the moment, there are five players on 70—one under par. They include the defending champion, Lanny Wadkins, Bill Kratzert, Jerry McGee, Mike Sul*livan and Mike Morley.* Wally Armstrong and a club professional, Bill Galloway, on par 71. Bill Rogers and Andy Bean are on 72, and Peter Oosterhuis is among a group on 73, which also includes the Australian Jack Newton, Steve Melnyk, Jay Haas and Hale Irwin. Melnyk, when two under par, took eight strokes at the par four 18th hole. He drove out of bounds and finally took three putts from above the hole.

Nicklaus started with a *horrible hook off the first tee* at the 469-yard par four, into a ditch from which he was forced to chip to the adjacent ninth fairway. He dropped a stroke here and two more at the second. Again he hit a big hook from the tee into the trees at the 343-yard hole, was forced to play his second shot left-handed, and moved the ball only 10 feet. He then chipped the ball to the fairway and was in no danger of taking less than six when he only hit the front of the green with his fourth shot.

Crenshaw was his normal, inconsistent self, interspersing birdies with strokes dropped. His pattern was set when he saved his par at the first, having been bunkered from the tee and come up short of the green. He made a six-foot putt there and another for a birdie at the second. Between taking three putts at each of the third and eighth holes, he recorded four *consecutive birdies* from three feet, after a lovely nine iron shot, 10 feet and 12 feet.

The inward half was less eventful. Crenshaw recorded his second two with a 12-foot putt at the par three 13th, but finished weakly, missing the green at the 230-yard 16th to drop a stroke and driving into the rough on the right to drop another when he could not reach the green with his second shot.

After 13 holes, the former *champion, Dave Stockton,* was three under par, Lee Trevino and Leonard Thompson two under, and they were the only other players besides those previously mentioned to be in the red figures on the leader board which denote scores under par. But then the heavens opened, and there seemed little prospect of the first round being completed in gathering gloom.

Bahamas to deport immigrants

By Nicki Kelly

NASSAU, August 3.

THE BAHAMAS Government, harassed by persistently high unemployment, has launched an intensive campaign to rid the country of illegal immigrants from other Caribbean islands.

Those who failed to meet an end-of-June deadline to leave voluntarily face arrest and deportation, the Ministry of Labour has announced. To enforce the point, immigration officials staged raids on June 12. The 279 Haitians rounded up were held for 48 hours then released to settle their affairs and leave.

This is not the first time the Government has tried to deal with the problem through mass deportation. But the strain in recent years of trying to provide the additional jobs, health care, housing, education and law enforcement services required, has produced strong economic pressures for a final solution. Unemployment, swollen annually by 6,000 school leavers, is now more than 23 per cent.

Although the order affects all foreign nationals here illegally, including many Jamaicans and Turks Islanders, it is aimed mainly at Haitians, who comprise by far the largest body of aliens. The number of illegal Haitian immigrants is estimated at 40,000, or 17.6 per cent of the 226,000 population.

The 3.68 per cent population growth rate in the Bahamas is already the second highest in the western hemisphere.

WORLD TRADE NEWS

Wider steel import duty likely soon

By John Lloyd

IMPORTS OF iron and steel products come under increased surveillance today in a move which is likely to precede the imposition of import duties on a number of products not yet covered by the Davignon Plan.

The Davignon Plan, which was introduced late last year in an attempt to ameliorate the crisis in the European steel industry by cutting down on foreign imports, was a rolling one, under which products could be gradually brought under its scope as it became clear that they should be protected.

It has been felt for some months that a wide range of steel products, both basic steels and semi-finished steels, should now be brought into the plan, because of increasing competition from cheaper imports.

In a recent interview, M. Jacques Ferry, president of Eurofer, said that the operation of the Davignon Plan had increased pressure on those steels which were outside of it.

A long list of steels will be surveyed by the Department of Trade, including mild steels, high carbon wire rod, special carbon steels, alloy steel and stainless steel.

Besides this, those exporting steel to European Community member countries will be required to state the price of the steel after receiving domestic rebates on it.

All the major steel producing countries have now been brought within the scope of the Davignon arrangements, and it seems inevitable that the range of duties will increase.

Call for UK tyre quotas

By Terry Dodsworth

A new demand for restrictive measures against tyre imports to the UK was made yesterday by the Rubber Processing Sector Working Party in a letter to Mr. Edmund Dell, the Trade Secretary, asking for the imposition of agreed quotas.

The letter follows a move by the British Rubber Manufacturers' Association to prepare an anti-dumping case against East European tyres. This is due to be presented to the EEC.

In the letter, however, the Working Party argues that the anti-dumping mechanism has been "inappropriate and totally ineffective." It wants the imposition of quotas on "disruptive" tyre imports at a "level which is agreed by the SWP."

The Working Party, under the chairmanship of Mr. John Cousins, the manpower and industrial relations director of the National Economic Development Office, goes on to express the "grave concern" of both management and unions about tariff reductions under the Tokyo Round in an industry where one in five jobs have been lost in the past four years.

"Import penetration of the replacement market for car tyres rose to 38 per cent in 1977 compared with 31 per cent in 1976 and it is felt that the proposed tariff reductions will further boost imports from the COMECON countries, Japan and the fringe European producers such as Spain."

It stresses that the report presented by the Working Party to the NEDC in February came to a consensus agreement about the relative inefficiency of the UK tyre industry compared with major competitors in Europe. There was a commitment by both management and trade unions to tackle this problem head on.

Japanese businessmen urge abandoning some exports

BY ROBERT WOOD

TOKYO, August 3.

A BUSINESSMEN'S group today urged that Japan reduce or abandon exports of 18 types of goods in its efforts to improve its industrial structure and correct its trade surplus.

The group, the Industrial Planning Council, is chaired by Mr. Takeshi Sakurada, a textile executive who also heads the Japan Federation of Employers' Organisations, a group dealing with labour problems. Mr. Sakurada has long advocated export controls.

The Council classified 103 leading export industries into four categories ranging from 27 whose export growth is highly desirable to 18 which should be phased out. The classification was largely on the basis of whether the industries were the high-value-added, low-energy-consumption industries which are deemed appropriate now that for the first time since the 19th Century, Japan can be "completely free from the spell of the export-first principle."

Steels, chemicals, building materials, and products of small-scale manufacturing industries were prominent among the products whose export the group wanted phased out, but some steel, chemical and construction products also appeared among the products whose export the businessmen thought should be expanded.

The recommendations came in a book-length report. Businessmen, including officials of Nippon Steel, the non-Communist world's largest steel producer and exporter, declined to comment because they had not had time to study it yet.

Although the report advocated phasing out of synthetic long-fibre filament (nylon and polyester) exports, short-fibre filaments (acrylics) were among the products whose expanded export the group considered "more-or-less desirable." Acrylic fibres are the main product of Toho Rayon, the company Mr. Sakurada heads. The businessmen also ranked expansion of woven synthetic cloth exports as "more-or-less desirable."

The report called for the development of new industries based on solar or recyled energy, the export of related products, and the development of domestic coal reserves.

The 18 exports which the report recommended phasing out included urea, plywood, synthetic long-fibre filaments, steel plates, steel hoops, wire rods, transformers, condensers, bicycles, mosaic tiles, synthetic rubber, canned salmon, canned tuna, and canned mackerel.

Among 18 items whose export the report urged stabilising or reducing were: polyethylene, large and small shape steel, galvanised steel sheetings, aluminium goods, steel nails, bolts, and nuts, home sewing machines, motorcycles, indulators, photographic supplies, musical instruments, toys, and fishing and recreational equipment.

There were 40 items whose export was "more-or-less desirable" including: synthetic textiles, acoustic equipment, watches, optical equipment, passenger cars, railway rolling stock, automotive engine electrical devices, stereo and radio sets, televisions, electric wires and cables, valves, bearings, industrial sewing machines, internal combustion engines for land use, turbines, boilers, tools, piping joints, bar steel, special steel, chinaware, and rubber tyres.

Among 27 items whose export growth was considered highly desirable were: internal combustion engines for ships, electronic desk calculators, electronic data processing equipment, metal processing machinery, spinning machinery, construction machinery, electric generators, pumps, dryers, cranes, telephone switching equipment, civilian-band transceivers, buses, trucks, remodelled ships, seamless steel oilfield piping, tugs, dredgers, photographic-material handling equipment, surveying equipment, and medical equipment.

Imported car sales up again

TOKYO, August 3.

JAPANESE SALES of imported vehicles rose 7.4 per cent in July to 4,856 from [illegible] in June and were up 15.7 per cent from 4,198 in July last year, the Japan Automobile Importers' Association announced here.

The July sales brought the total imported vehicle sales in the first seven months of this year to 29,136, up 1[illegible] per cent from 25,083 in the same 1977 period.

The rise in imported vehicle sales follows the cancellation of vehicle import tax from last March and the yen's appreciation against the dollar, which made imports cheaper, the association added.

Meanwhile total new motor vehicle registrations in July were 113,117 units, up 19.6 per cent for the same month last year. July marked the third month in a row of double digit annual increases, following a 15.[illegible] per cent June rise and 16.6 per cent May rise.

Small passenger car registrations were 297,397 units, up 23.3 per cent from a year earlier. Larger-size passenger car registrations were 6,324 units, up 3.6 per cent from a year earlier. Trucks registrations were 140,011 units, up 11.6 per cent from a year ago, and buses 3,149 units, up sharply by 51.9 per cent from a year earlier.

● Toyota Motor Sales Co. has started selling two new models, both front-wheel drive and powered by a 1,452 cc engine. Initial production of the new models (the Tercel and Corsa) will be 7,000 Tercels and 5,000 Corsas a month. Exports will begin next year.

Agencies

Motorbike prices too low

WASHINGTON, August 3.

THE U.S. TREASURY says it has found motorcycles from Japan are being sold in the U.S. at less than fair value, clearing the way for possible duties.

The Treasury said the ruling affects all Japanese manufacturers except Suzuki Motor Company.

The case is being sent to the International Trade Commission, which has 90 days to determine whether the domestic industry is being damaged. If damage is found, the Treasury can levy duties.

Reuter

Italy in major aircraft deals

BY PAUL BETTS

ROME, August 3.

ITALY'S State aerospace group, Aeritalia, is on the verge of finalising two major deals involving the construction of Boeing's new 767 passenger aircraft and the fitting of Rolls-Royce engines on Aeritalia's G-222 twin-engined military transport aircraft.

Before the end of this month, Aeritalia expects to sign the final agreement for collaboration in the construction of Boeing's new medium-range airlines launched last month following United Airlines' unprecedented $1.2bn order for 30 767s.

The Italian group is expected to be responsible for about 15 per cent of the programme. This participation is put in terms of value at some $2bn.

Another 15 per cent share of the programme is expected to go to the Japanese Civil Transport Development Corporation involving a consortium of Japan's leading aircraft concerns including Mitsubishi, Kawasaki and Fuji.

It now appears that final agreement over the parts of the 767 Aeritalia and the Japanese group are to build will be reached in the next few weeks. Aeritalia is likely to be responsible for the wing leading edge, flaps and tail surfaces, and possibly the nose cone. CTDC is expected to build two large body sections of the aircraft.

Aeritalia originally signed a co-operation agreement with Boeing for the design and manufacture of an advanced commerical aircraft seven years ago. In turn, the Italian Government agreed to collaborate in the financial aspects of the Aeritalia-Boeing programme.

The participation of Aeritalia in the 767 project is likely to put pressure on Italy's national airline, Alitalia, which has already announced its intention to buy the 767's European rival, the Airbus, to switch to the new Boeing medium-range carrier.

The G-222 military transport is currently fitted with U.S. General Electric T64 engines, but a U.S. embargo has blocked a sale valued at an estimated US$400m of some 20 G-222 aircraft to Libya. According to Aeritalia's licensing agreement with General Electric all G-222 export sales are subject to U.S. approval.

Following the embargo, Aeritalia has been seeking a substitute engine for its transport aircraft, and it now expects to mount the Rolls-Royce Tyne engine on the G-222 by next year.

Negotiations with Rolls-Royce are understood to be at an advanced stage, and Aeritalia is already experimenting with the heavier British engine.

The Italian industry has long suspected that U.S. embargoes are not wholly motivated by security reasons but also by commercial considerations. The G-222 is a rival to the larger Lockheed Hercules transport aircraft and Canadair's Buffalo.

There appears to be no difficulty in fitting the British engine on the G-222, especially since the Tyne is already well known to the Italian aircraft industry. The Aircraft Division of the State-controlled Alfa Romeo car group currently services the Rolls-Royce engine mounted on the Breguet Atlantic coast patrol and Maritime reconnaissance aircraft.

● Airbus Industrie, the European consortium which builds the Airbus A300 wide-bodied airliner, announced that it had received an order for two aircraft from the West German charter airline Hapag-Lloyd.

Britain for U.S. talks on Arab boycott

By Maurice Samuelson

TWO BRITISH Department of Trade officials will hold talks in Washington next week over extra-territorial aspects of U.S. legislation on the Arab Boycott.

The Government fears that if the U.S. regulations are applied to U.S. subsidiaries in Britain, it could harm Britain's trade with the Arab world. Last year, this was worth almost £3bn., almost as much as with the U.S.

The Central Arab Boycott Office in Damascus is hostile to the anti-boycott legislation, which requires companies to defy the boycott and to report receipt of all boycott questionnaires.

The two officials, the head of the Department of Trade's U.S. desk and a legal expert, will meet Commerce and State Department officials next Tuesday.

Easier textile surveillance

FOLLOWING A review of the operation of the surveillance licensing arrangements introduced in 1975 for imports of various textiles, the Department of Trade has decided that the arrangements are to continue.

However, in the interests of streamlining the arrangements and improving their usefulness, a number of changes are to be made in the licensing conditions from August 4.

The period for which textile surveillance licences will be valid is being increased from the present two months to three months; small consignments of textiles on surveillance are to be admitted through Customs without an individual licence; and detailed information about the fibe-content of goods will no longer be required for all but four tariff headings.

Sim-Chem contract

The Saudi Arabian Fertiliser Company (SAFCO) has awared a contract valued at approximately £5m to Sim-Chem (a Simon Engineering company) for the turn-key supply of a 100,000-tonnes/year sulphuric acid plant at Dammam due to go on stream in the first quarter of 1980. In addition Sim-Chem will provide acid storage tanks and outloading facilities at the nearby port as well as the technology for the plant. Hyundai International, as sub-contractor, will carry out all the local civil and construction work under the supervision of Sim-Chem engineers.

India plans fleet expansion

By K. K. Sharma

NEW DELHI, August 3.

AIR INDIA, the country's international airline, and Indian Airlines, which operates mostly domestic routes, are planning a big expansion in their fleets in the next four years. Air India wants to add 12 wide-bodied passenger jets to its existing six Boeing 747s while Indian Airlines plans to acquire at least two more Airbuses and five more Boeing 737s.

The proposals still have to be approved by the Planning Commission which has already cut outlays for Air India by about 40 per cent. The Commission is presently scrutinising the international airline's proposals to order immediately another three Boeing 747s. But Air India is not committed to this aircraft alone and is evaluating other planes like the DC10 Airbus, Lockheed TriStar and the Boeing 747SP.

The proposed diversification of aircraft is based on the belief that Air India should branch out into new routes in Asia, especially South-East Asia and the Far East, rather than concentrate on the European and transatlantic routes as it is doing at present. These new routes would be operated by medium haul jets.

Indian Airlines' expansion plans will give it a fleet of seven Airbuses and 20 Boeing 737s, the latter to replace the existing unprofitable turboprops.

The two airlines are run independently but have a common chairman, Air Chief Marshal P. C. Lal, who is trying to coordinate their operations. His plans for expanding both fleets and routes has, however, run into opposition from those who feel the country does not have sufficient resources to invest in what they consider to be a luxury sector.

U.S. bars Saab fighter sales

By John Walker

STOCKHOLM, August 3.

MR. STAFFAN BURENSTAM LINDER, the Swedish Minister of Trade, got a firm No from Mr. Cyrus Vance, the U.S. Minister for Foreign Affairs, for an export licence to sell the Saab Viggen fighter aircraft to India. The U.S. has the power to veto such proposals in cases like this, where the engine of the Viggen is a Pratt and Whitney design. There are also other U.S. components in the aircraft.

It is now reported that the deal would have involved some 170 aircraft, which would have secured the jobs of about 500 to 600 men. Also some of the engines would have been built under licence in India. Reports suggest that Mr. Vance rejected the request because of what was called American determination to avoid refuelling an arms race between India and Pakistan.

Last year the U.S. Government turned down an application for 100 American jet fighters for Pakistan. The Swedish minister said it is necessary to export Swedish arms to maintain its arms industry. This in turn is crucial to maintaining Sweden's policy of neutrality. Reports indicate that India may be looking at British and French aircraft instead.

HOME NEWS

Bankruptcy figures increase by 16%

FINANCIAL TIMES REPORTER

A NEAR 16 per cent rise in compulsory liquidations between *April and June this year has* meant that the overall downward trend in recent quarters in personal and business failures has been halted, according to figures published yesterday by the Department of Trade.

On a seasonally adjusted basis, total company *liquidations, which* had fallen for three quarters, rose to about 1,360 in the second quarter of 1978, compared with 1,310 in the previous quarter. The *rise, says* the Department, was more than accounted for by a rise in compulsory liquidations from 510 to 589.

The overall picture is more encouraging when the second quarter of 1978 is compared with that of 1977. Total company liquidations of 1,360 represent a fall of 10 per cent. Of that figure compulsory liquidations of 589 are *only 1.7 per cent higher, while* creditors' voluntary liquidations of 770 are over 17 per cent lower.

The figures for receiving *orders — including administra*tion orders and deeds of arrangement — also showed an increase on the previous quarter of 11.5 per cent. They rose from 950 to 1,060. This rise substantially offsets the 14 per cent fall over the previous two quarters. Year *on year the overall fall has been* cut back to 3 per cent.

The previous fall in receiving orders was caused by the increases in monetary limits in bankruptcy proceedings and in deposits on bankruptcy petitions which came into effect in December 1976. *These raised the mini*mum debt to support a creditor's petition from £50 to £200.

Of the total receiving orders administered in the first quarter of the year—some 892—the self-employed accounted for 74 per cent, compared with 64.5 per *cent a year earlier. The largest* change over the period was in construction, in which the percentage rose from 20 per cent *to 25 per cent between the* first and second quarters of 1977, falling to 22 per cent in the third quarter of 1977 and 21.5 per cent in the first quarter of 1978.

Among companies wound up manufacturing industries showed the largest reversal of fortunes. *The percentage of manufacturing* companies wound up had fallen from 26 per cent in the third quarter of 1977 to about 17 per cent in the fourth quarter, jumping to 21 per cent in the first quarter of 1978.

The largest, but more favour*able, reversals came in road* haulage, where the percentage fell to about 4 per cent in the first quarter of 1978, after rising from about 4 per cent to 6 per cent in the previous quarter: and construction, the largest single category, which showed a *fall from 19.5 per cent to 18 per* cent.

Bid to raise price of plasterboard by 8% rejected

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission yesterday refused to allow British Gypsum, the monopoly supplier of plasterboard and gypsum plaster used in the construction *industries, to raise its prices* by the 8 per cent it had sought.

Instead the commission, in a report published yesterday, said that price rises for gypsum products should be limited to an average of 6.5 per cent and that further price rises should not be *made until March. This would* be 12 months after the company last sought a price rise. But charges for the carriage of plasterboard should be allowed to rise by the full 15.2 per cent sought.

The commission's decision not to allow the full price rise sought was *based on its analysis that an* average 6.5 per cent increase would be sufficient to allow the financing of projected capital expenditure as well as protecting the company's customers in a monopoly market.

In its report, however, the *commission made clear its belief* that British Gypsum had been helped by its monopoly position in achieving a high return on capital. This return was between 10½ and 11 per cent on a current cost-accounting basis and over 31 per cent on a historic cost basis. "*It is, of course, a matter of* judgment, but we incline to the view that the company would not have been able to maintain such levels if its monopoly position had not been fully assured."

The commission concludes *that, although the company* "*is* a clear and unchallengeable monopoly," it is, nevertheless, an efficiently run company.

"It remains highly profitable *in a period when the U.K. con*struction industry is and has been for some time in recession," the report adds.

The commission considers that British Gypsum is likely to maintain its clear monopoly of gypsum and plasterboard manufac*turing in the U.K. — a monopoly* is has had since 1970 — for the foreseeable future. Prospective entrants to the industry would be dissuaded from entering by the decline in the building industry over the past few years and the high cost — estimated at *£20m — of setting up a new* minimum size plasterboard plant. In addition, a new company would have to find sufficient reserves of natural gypsum, as alternative raw materials are uneconomic.

In spite of the misgivings voiced by the commission, it cannot escape from the conclusion that the company is well managed. "Efforts are continually made to improve operating *performance and, over the past* eight years, significant improvements in productivity have been achieved in many of its activities," it says.

Price Commission: British Gypsum Ltd—Increases in the Prices of Gypsum-related Products; HC 663; SO; £1.35.

Scottish agency to seek 15% return

BY JOHN HUNT

FINANCIAL GUIDELINES for the Scottish Development Agency, made public for the first time yesterday, show that *it is expected to aim for* a minimum average rate of return of 15-20 per cent on capital by 1981-82.

Details of the guidelines were given yesterday by Mr. Bruce Millan, Scottish Secretary, in a written Commons reply, after the Conservatives *had criticised* the agency's track record in its industrial investments.

Earlier this year Scofisco, a fish and shellfish processing *plant in Glasgow* in which the agency had invested £825,000, was put into the hands of the receiver.

The previous year, two other companies in which the agency had invested a total of £150,000 collapsed.

The guidelines show that although the agency is expected to make steady progress towards the target figure, the rate itself and the date by which it is to be achieved may be varied by the Scottish Secretary with Treasury approval.

In calculating the rate of return on capital, any money from grants or made under Section 5 of the Scottish Development Agency Act, may be disregarded.

The Scottish Secretary may also allow the agency to disregard any other investment.

Distillers agrees to new £4m thalidomide fund

FINANCIAL TIMES REPORTER

AN independent report recommending *payments to 69 young* people not originally accepted by the manufacturers of thalidomide as injured through that drug has been approved by the *Government and the Distillers* Company, it was announced yesterday. The total cost to Distillers will be more than £4m.

The report, prepared by Sir Alan Marre, former *Parliament*ary Commissioner for Administration, recommended that 20 of the disabled people and their families should receive the same *compensation as those* already recognised by Distillers as injured through thalidomide and that 49 people who in Sir Alan's view were beyond reasonable doubt not injured through thalidomide should receive ex-gratia payments of £10,000 each.

Cash payments to the parents of the 20 children will amount to £100,000. Payments to their children, estimated on the basis of the average award to the *originally recognised thalidomide* victims (£18,250), will amount to £365,000. Interest on these two sums, 57 per cent of the aggregated totals, will be a further £265,000.

The ex gratia payments to the other 49 young people and their parents will total more than £485,000.

It was also recommended that Distillers should make additional *payments* totalling £3,035,000 over the next seven years to the Thalidomide Trust Fund, which is for the benefit of all children injured through thalidomide. That will bring the estimated cost to the company of implementing the report to about £4¼m. *Sir Alan* recommended that the Government should contribute £800,000 to the fund.

Mr. Jack Ashley, Labour MP for Stoke-on-Trent, South, who has campaigned on behalf of the children and families involved, said the recommendations were "honourable, judicious and reasonable, giving the benefit of any possible doubt to the families concerned."

However, he observed that *22,000 drug product licences*, issued by right, with no checks by the licensing authority, were in force and only 1,500 had been reviewed. He said: "Thus there are over 20,000 drugs on the market which have not been checked. Until they have all been reviewed, *the risk of* another drug disaster clearly cannot be ruled out."

Distillers said in a statement last night: "It is our hope that Sir Alan's recommendations and the company's implementation of them will be accepted by all as *a reasonable and equitable* way of bringing the matter to a conclusion."

Warning on higher North Sea taxes

BY RAY DAFTER, ENERGY CORRESPONDENT

NORTH SEA oil analysts have told the Government that it is in danger of damaging the industry and *banking confidence* through its proposed increase in petroleum revenue tax and tougher licence conditions.

The warnings follow comments on Wednesday from some offshore oil companies that new Government policies could slow the pace of *North Sea* exploration and development.

Stockbrokers Fielding, Newson-Smith said it could see no benefits arising from the pro*posed increase, which would* be partially offset by lower corporation tax. They considered that the Government, in seeking a £2bn rise in the tax take over the next seven years, was playing a hazardous game of confidence with the industry.

In a report on the tax, the brokers contend that the Government is changing the rules now that the industry has committed its limited and valuable exper*tise and financial* resources and when it had borrowed extensively. The result could be only a sharp reduction—if not destruction—of oil industry and banking confidence

Mr. Anthony Wedgwood Benn, Energy Secretary, has said that the companies would not be deterred by the higher tax or the greater level of British National *Oil Corporation involvement in* new North Sea licences.

However, stockbrokers Wood, Mackenzie said in another report published yesterday, that the regulatory environment had changed dramatically over the past four years.

"*There is a limit to the* amount of political interference that businesses can stand and where the point is reached that other parts of the world offer better *returns* to the oil explorer than the UK. Then the pace of development in the UK sector of the North Sea will gradually slow down."

Wood, Mackenzie add that there was evidence of a marked decrease in exploration effort. In *July last year, 17* rigs were drilling exploration wells on the UK Continental shelf, a number partly inflated due to the industry's attempts to meet licence *commitments before some* of the offshore blocks were relinquished.

Last month, there were only five exploration wells being drilled, below the level which might have been expected.

Energy Review Page 8

Machine tool export orders fall again

By Kenneth Gooding, Industrial Correspondent

A STEADY decline in export orders for machine tools is again a worrying feature of the latest Government statistics published today.

In the three months to April, new orders from abroad fell by 3 per cent compared with the previous quarter to £36m. This was a fall of 18 per cent on the same period last year.

As a result, export order *books, at £93m in April, were* 17 per cent lower than a year earlier.

However, the Machine Tool Trades Association, remains con*vinced that the UK industry will* maintain a healthy, favourable balance of trade this year, probably of about £40m.

Total order books, in current price terms, are expected to show some improvement this year, but the association is not so certain *that there will be an* increase in the volume of output compared with last year.

Home market

The statistics, in Trade and Industry magazine, show that the overall intake of new orders in the three months to April was about 7 per cent higher than *in* the previous three months and 14 per cent higher than a year earlier.

Total new orders of £127m in the *three months exceeded sales* by 10 per cent so order books increased by 4 per cent.

Against the drop in new export orders, there was a 12 per cent *rise in orders from the home* market over the three months to £90m.

Overall order books stood at £274m at the end of April, 4 *per cent higher than in January* and 21 per cent higher than a year earlier.

Home orders books have been rising steadily to £181m in April —*57 per cent higher than a year* earlier.

In terms of current activity—*the industry is working at 75 to* 80 per cent of capacity—the overall order book is sufficient to keep companies going until the end of the year.

Further major redundancies at Alfred Herbert, which the industry sees as a "special case" and not typical, will hit the total further as the year progresses.

More talks today on UK Airbus role

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER MINISTERIAL *talks* on possible UK-European collaboration on the next generation of civil airliners will be held in London today between Mr. Eric Varley, Industry Secretary, M. Joel Le Theule, French Transport Minister and Herr Martin Gruner, West German Secretary for Aerospace in the *Ministry of Economic Affairs.*

The talks will be a continuation of those between the three ministers in Paris and Bonn two weeks ago, and will concentrate on the possibility of the UK rejoining the European Airbus Industrie consortium, to help develop the new B-10 version of the A-300 Airbus.

Much will depend upon what happens at today's meeting. If successful, it is possible that a decision in favour of the UK *rejoining the consortium could* come next week.

One of the problems to be resolved is the question of whether the UK should pay a heavy "entry fee" to Airbus Industrie, in the form of a contribution to past development costs of the *A-300* Airbus. Unconfirmed reports have suggested this could be as much as £100m.

Airbus Industrie has made no *provision for the Rolls-Royce* RB-211 engine in the existing B-2 and B-4 versions of the Airbus, which are selling with U.S. General Electric engines, while the B-10 *version* is also basically on offer with the GE engines.

The RB-211 could be fitted in the B-10, but the costs would have to be borne by the UK, if Britain rejoined Airbus Industrie.

Carriers back with railways

By Ian Hargreaves, Transport Correspondent

FREIGHTLINERS, THE road and rail container carrier, was returned to the ownership of British Rail at midnight last night.

The change, a product of the recent Transport Act, comes at a time when the company is struggling to improve on the £1.4m trading profit recorded last year, when it was owned 49 per cent by the railways and 51 per cent by the *National* Freight Corporation.

Although revenue is forecast this year at £54m—£8m higher than last year—the figure was cut by *industrial disputes* at Southampton docks and within British Rail.

Mr. Cyril Bleasdale, managing director of Freightliners, said *last night that he was* confident of an improvement on last year's trading surplus, if there were no major industrial disruptions.

Freightliners would remain a separate and distinct organisation within the railways.

Mr. Bob Reid, a member of the British Rail board, takes over as Freightliners' chairman He said that the transfer of ownership would be smooth and would not affect customers.

Sir Daniel Pettit, chairman of National Freight, said that the corporation had developed Freightliners to the point at which it was the world's largest *overland container carrier.* It was "a thriving, growing business of greatly increased potential." Sir Peter Parker, railways chairman, was "jolly lucky" to be inheriting such a company.

Mr. David White, managing director of British Road *Services*, a road transport company within the corporation, will maintain the links between the two State bodies by serving on the Freightliners board.

House prices rise 14.5% in year

BY ADRIENNE GLEESON

FIGURES from the Department of the Environment yesterday provide additional evidence of the sharp increase in house prices in the spring. According to the department's figures, the average price of dwellings on which mortgages were approved in the second quarter of 1978 was £15,655.

This is 6.5 per cent higher than that for the first quarter of the *year (5 per cent adjusted for* seasonal movements) and 14.5 per cent more than a year ago.

The figures suggest that, although the price of new houses continued to increase at a brisk pace during the quarter (rising by an average 5.5 per cent to £17,110, or 4.5 per cent on a seasonal basis), older houses won back some of the ground lost during the preceding year.

Their price increased by an average 6.5 per cent (5 per cent on a seasonal basis) to £15,360. *The average price of new houses* was 18.5 per cent higher than a year previously, while the average price of older houses was 13.5 per cent higher.

The average *mortgage* advance approved for all dwellings in the second quarter of 1978 was about £10,252, or 65.5 per cent of the average price. This compares with 68.5 per cent in the first quarter of 1978 and 64 per cent a year ago.

Giro widens travel cheques service

BY MICHAEL BLANDEN

THE National Girobank, the recently renamed banking opera*tion of the Post Office, has* extended its travellers' cheque and foreign currency service.

It is now being offered at 20,000 post offices throughout Britain, instead of being available only at main post offices.

The service is provided through an arrangement with Thomas Cook, and the Girobank argues that an important advantage is that only one visit to a post office is necessary.

A passport and completed order form are handed to a counter officer, who returns the passport after noting the details in it. The currency and cheques *requested are sent by registered* post to the customer's home address a few days later.

The new move is a further step by the Girobank towards a more comprehensive banking service.

EEC to provide money for energy research

BY OUR ENERGY CORRESPONDENT

THE EUROPEAN Commission is to provide financial aid to companies and organisations within the Common Market *in* a bid to encourage the development of new energy sources.

Help will be provided for demonstration projects which build on previous research and which could serve as models to prove the commercial and industrial viability of alternative energy schemes. Projects covered by the EEC finance — repayable in certain conditions —include solar energy, geothermal energy, and the liquefaction and gasification of solid fuels.

For solar energy it is thought that the cost of installations producing useful energy would be at least 100,000 European units of account — about £67,000.

The Government is already *supporting programmes* of research and development in Britain on alternative energy sources.

A £3.6m national research and development programme for solar energy was launched in February last year; in July the Energy Department allocated £84,000 over three years for research and development into geothermal energy; and in May the Government said it would *make available up to £20m over* the next five years for a programme to support coal liquefaction and gasification projects being undertaken by the National Coal Board and British Gas.

Coroner orders Dunlop to test crash tyres

BY TERRY DODSWORTH

DUNLOP, the UK tyre manufacturer, has been told by a *coroner* to carry out "every possible test" on two blown-out tyres following an accident in which a Jaguar XJ12 suffered a rear tyre blow-out *on the M1.*

The coroner, who was speaking at the inquest on three Germans who died in the accident, said that he may suggest that Dunlop recall all the 190,000 tyres it has made specially for the Jaguar XJ6 and XJ12 *models. Weeks* earlier an XJ12 suffered a similar blow-out on the M3.

The coroner *told* Mr. Geoffrey Morton, Dunlop's development director: "If you find a manufacturing defect I say now that I will add a rider to my verdict suggesting that all the 190,000 tyres manufac*tured for Jaguar* XJ6s and XJ12s should be called in."

Both the alloy wheel carrying the tyre which blew out on the M1 and the valve will also be *examined*.

Mr. David Price, the senior scientific officer at the Home Office forensic laboratory at Aldermaston, Berkshire, told the inquest that in his opinion both the tyres had suffered structural break-up in the steel *bracing. In his view this was* caused by a manufacturing defect.

Dunlop said later that the tyres would be examined at laboratories in Birmingham to establish the cause of the blow-out.

£5m cost of beer pump modifications

BY KENNETH GOODING

IT WILL cost more than £5m to *modify* beer *engines, the* hand pumps used for 200 years to dispense traditional beers, in the wake of proposed Government food regulations, says the Brewers' Society.

The Lead in Food Regulation 1978 proposes that the maximum *permitted* "*pick-up level*" *for* lead in beer be drastically reduced. So the Brewers' Society *has advised its members and the* trade generally to fit modification kits where necessary.

Equipment manufacturers have been alerted and new parts are becoming available. The licensed trade is also being advised to ensure that all beer engines have contact parts made of stainless steel, glass or similar inert materials.

Publicans are being reminded that they should observe the long-established procedure for *clearing pipes after a period of* non-use, and that this is particularly important where unmodified beer engines are being used.

The society said yesterday: "Billions upon billions of pints of beer—about 1½bn every year —have been served from beer engines.

"Although no health problem is known to have arisen over two centuries, beer engines will have to comply with the new regulation, which is why modifications will be made as quickly as possible where necessary.

"Many companies have their programmes in hand. Beer engines have been safely used since the 18th century and will continue to be part of the tradition of the pub."

Whitehall faces clash over Liverpool plan

BY RHYS DAVID

THE GOVERNMENT and the Merseyside county council appear to be heading for a clash over proposals announced in the Commons this week to help regenerate the economy of inner Liverpool.

The disagreement is likely over the setting up of a sub-*committee which will effectively* give the Department of Industry a formal role within the Liverpool *inner city partnership* scheme, which currently involves local authorities and the Department of Environment.

The Conservative-controlled county council, though it has yet to make a formal response to the Government proposal, is unhappy with what it sees as the possible usurping of local authority functions and the council may be reluctant to work with the sub-committee.

The council has set up an economic development committee with wide-ranging powers to *promote industrial development* and is concerned that the Government arrangements could *overlap with this.*

The Government wants the sub-committee to implement recommendations in a report by PA Management Consultants related to co-ordination of industrial development.

BL aid must be agreed

THE GOVERNMENT promised *yesterday that in future it will* go to Parliament to seek separate resolutions of support for any item of financial assistance to BL (formerly British Leyland) the state-owned car company, even if the sum involved is less than £5m.

That was made clear by Mr. Eric Varley, the Industry Secre*tary, in a parliamentary written* answer.

Although sums under £5m may be made available to industry under section 8 of the Industry Act without a separate resolution in the House, Mr. Varley has decided in BL's case to bring "apropriate resolutions."

He said that BL had been offered £1.4m for the Beans Foundry project under the Industry Department's ferrous *foundry scheme. "When this* offer was made the view was taken that as the amount of assistance proposed was less than £5m, it could be provided under Section 8 without a separate resolution of the House being required."

Government urged to discuss small companies' loan scheme

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT was yesterday advised to start discussions with financial institutions and other organisations on the feasiblity of a guarantee scheme *for clearing bank loans made to* small companies.

Such a scheme would be commercial to the extent that the premium income involved would have to meet any losses. It would be administered by a loan guarantee agency and would in*volve a capital fund which, if* not fully paid up, would be held by major institutions, including the banks themselves and perhaps the Bank of England.

This was the main recommendation made to the National Economic Development Council's *Roll Committee on Finance for* Industry in a report by a special sub-committee headed by Mr. Bernard Asher, the Council's former acting director general. The study *stemmed from Government* interest in helping small firms to finance their businesses.

In recommending a commercial scheme, the report shied away from a "soft" scheme where the premium income would not cover the losses and where the premia would therefore be subsidised by the Government.

The sub-committee found difficulty in assessing whether there was a "clear need" for any *sort of loan guarantee scheme.* But, realising that a decision to set up a scheme may nevertheless be made by the Government, it recommended that early dis*cussions should take place* between the Government and others concerned.

A scheme could be "wound down" if it were not required, whereas "not to have a scheme could mean wealth foregone," it said. This led to the conclusion that on balance *a loan guaran*tee scheme for the UK ought not to be rejected in principle but should have its feasibility tested.

The report says that any scheme should be restricted to small firms, perhaps by impos*ing a maximum size of* loan. Members of the Confederation of British Industry on the sub-committee wanted it to apply to all sectors of industry and commerce, while the TUC thought it should be concentrated on manufacturing industry. There *was also an idea that a scheme* might first be tried out in one region of the country, but this was rejected.

"We think that the loan guaranteed should be in the form of a term loan and not an overdraft" says the report. "This *would simplify the management* and monitoring of the loan, but an overdraft form would not be impossible."

The scheme would be *operated through the banks,* which would run their own screening and vetting procedure to minimise or avoid additional vetting.

The sub-committee considered how it could ensure that cash lent by the scheme would be additional to what would have been lent anyway—an issue which it calls "additionality." It concludes that, in any scheme with Government participation, a certificate that the lending would not have taken place without the guarantee might be needed.

"Whether the guarantee is *designed to be 'hard' or 'soft,'* it is necessary to decide how the *proportion of risk borne by the* banks would apply" says the report. "We take it as axiomatic that if the banks are to operate the vetting system, they should *bear a proportion of the risk on* each contract so that they have an interest in the future of the business concerned.

"Informal talks with the banks indicate a range of reactions from '15 per cent of the risk would be acceptable' down to 'if the Government wants us to lend beyond our commercial judgment, they should bear all the risks.'"

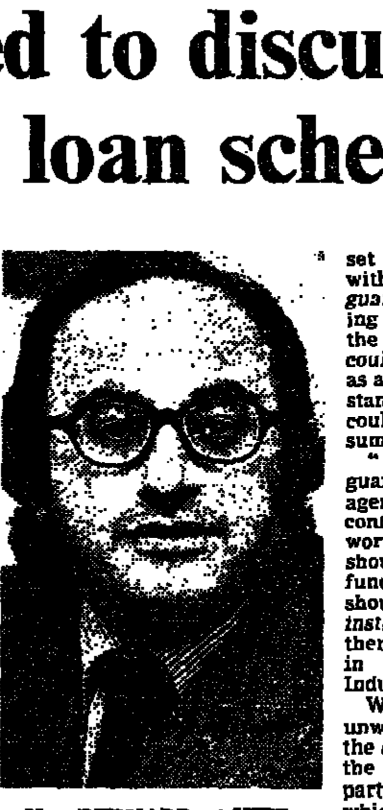
Under a commercial scheme, a *loan guarantee agency would be* set up to enter into agreements with a bank and a customer to *guarantee specified loans, charg*ing a premium sufficient to offset the risks and costs. The premium *could be calculated and applied* as an annual premium on the outstanding sum guaranteed or it could be a once and for all lump sum.

"*For the banks to accept the* guarantee by the loan guarantee agency they must have complete confidence in its credit worthiness," says the report. "It should therefore have a capital fund which, if not fully paid up, should be held by substantial *institutions including the banks* themselves and perhaps also (as in the case of Finance for Industry) the Bank of England."

Were the financial institutions unwilling to take up *the whole of* the equity needed for the scheme, the Government would have to participate in the equity risk which, the report points out, would stop it being purely *commercial.*

The alternative of a "soft" lending scheme would involve "an element of subsidisation of *the premia," says the report.* "In these circumstances the loan guarantee body would be expected to make a loss and no private insurance participation *would be possible;* it would need to be wholly owned by the Government."

But, the report warns: "If the main effect was to cause applicants, who would otherwise have been turned down by their banks, to over-borrow, leading *to* insolvency there would be no gain and the agency would have heavy losses."



Mr. BERNARD ASHER

Dover shipping collisions fall

A GREATER proportion of ships contravened traffic separation schemes in the western approaches *to the English* Channel than in the much narrower Dover Straits, an Anglo-French report on the safety of navigation said yesterday.

The report *from the British* National Maritime Institute and the French Institute de Recherche des Transports analysed a three-day marine traffic survey carried out *in June 1977.* More than 300 ships passeds through the Dover Straits, about the same as in 1972, but the collision rate *had since fallen considerably,* the report said.

Ships through the Starit contravening the provisions of the traffic separation scheme fell *from 22 per day in 1972 to 6 per* day in 1977 and have since fallen further.

An average of 38 crude oil tankers passed through the Channel each day.

Brewers urged to find alternative filters

A *GOVERNMENT* report published yesterday urges the brewing industry to make every effort to find a suitable alternative to asbestos filters in beer production.

The report, from the Food Additive and Contaminants Committee, says there is no evidence of any health hazard from the residual level of asbestos fibres in beer.

"We are prepared to recommend that the continued use of asbestos filters should be permitted. However, in view of the general concern about the use of asbestos, we recommend that every effort should be made by the brewing industry to find a suitable alternative and we understand this is being done."

The Brewers' Society last night confirmed that asbestos filters were being phased out by the industry.

This was because of concern among brewery employees who had to handle asbestos. There was no evidence of a health hazard from beer filtered in this way. Tests had shown that beer *contained* fewer asbestos fibres than drinking water.

The society gave a general welcome to what it called a "very thorough" report and said "it has given approval to a wide range of materials and brewing aids, most of which have been used for decades and in some cases for centuries."

The approved *substances* used since the 17th century to clarify and brighten beer range from seaweed extracts, traditionally used to reduce beer haze, to finings prepared from the swim bladders of fish.

Food Additives and Contaminants Committee: Report on the review of additives and processing aids used in the production of beer. HMSO 70p.

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HOME NEWS

Reactor plans are 'beset by inertia'

BY JOHN LLOYD

A PARLIAMENTARY select committee should conduct an inquiry into the development of fast breeder reactors, the Select Committee on Science and Technology recommends in a report published yesterday.

It considers that the issue is beset with "inertia" and that an inquiry would overcome that.

In the special report, its third, the committee says neither the Government nor the electricity boards have publicly indicated a wish to develop a commercial-size demonstration fast breeder reactor.

In 1976 the cost of such a development was put at about £2bn, including research. About 35 per cent of that would have been capital cost of the reactor.

Since then, the Government had promised a public investigation into the reactor in the course of the recent Windscale inquiry. No further announcement, however, had been made.

Mr. Arthur Palmer, MP, the select committee's chairman, thought the promise might have been made "rather lightly." The report comments: "It seems that no great urgency is now attached to it."

The report says that although the Secretaries of State for Energy and the Environment had various powers to order an inquiry, those powers depended on a formal proposal to them. It urged an inquiry into the public-policy issues raised by building such a reactor before any government decision.

Mr. Palmer referred to an observation made in the Commons by Mr. Anthony Wedgwood Benn, Energy Secretary, that the fast breeder reactor raised even more wide-ranging issues than had the Windscale inquiry, which concerned nuclear waste re-processing. The matter should be one for the select committee to examine.

The report notes: "The Select Committee on Science and Technology possesses wide powers to appoint expert advisers to assist in assessing the technical details of evidence received, so there is no reason why the examination of witnesses and their evidence should be in any respect less rigorous than that of any other form of inquiry."

New airport groups to advise on policy

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT has set up two new bodies to help it settle major strategic decisions on future airports policy. The Advisory Committee on Airports Policy and the Study Group on South-East Airports will begin work in September.

The advisory committee's function will be to look at overall long-term national airport considerations, with particular reference to the regions as well as to London and South-East.

The study group, however, will be solely concerned with London and the South-East, with the immediate task of deciding what to do about handling traffic growth in the 1980s.

The British Airports Authority, which urged the establishment of the advisory committee late last year, has said that even with full implementation of existing development plans (including the fourth 8m passenger terminal at Heathrow, the raising of Gatwick's capacity from 16m to 25m, and the development of Stansted to 4m and Luton to 5m there will be enough capacity only to handle 72m passengers a year by the mid to late 1980s, whereas demand could reach as much as 89m).

This would force decisions on further options such as raising Stansted further, to 10m passengers or more a year, or converting a military airfield to civil use, or even starting a new "third London airport" somewhere on a "green-field" site.

What worries the airports authority, however, is that the only new development it has asked for so far—the fourth terminal at Heathrow—has been delayed for more than a year already by environmental objections, and the subsequent public planning inquiry, which is still in progress.

It fears that if it needs to undertake the other developments at Gatwick, Stansted and Luton, it will be blocked again, and may even be refused permission to expand its airport facilities, with disastrous results for air transport development.

The two new groups will have chairmen from the Department of Trade, and will include representatives of the Airports Authority (Mr. John Mulkern, managing director, and Mr. Don Turner, planning director), and from the Civil Aviation Authority, the airlines, local authorities, trades unions, the Air Transport Users' Committee and the Noise Advisory Council.

Food and drink producers urged to re-invest

LACK OF investment in the food and drink manufacturing industry is a recipe for disaster, according to a discussion document published today by the National Economic Development Office.

The document, jointly prepared by unions and management representatives on the food and drink manufacturing economic development committee, adds that the need for re-investment is absolute, overriding all other considerations.

If such investment is not made "the future of the company and therefore the standard of living and security of employment for all concerned will be put at risk."

The document echoes closely the plea made earlier this week by Sir Hector Laing, chairman of the Food and Drinks Industries Council, for higher prices to allow manufacturers sufficient profits to re-invest. Profits margins in the industry have slumped to their lowest for three years.

The document points out: "It is important that industry is sufficiently confident of making adequate returns in future years to be willing to invest." Management and employees must understand that new investment is in their best interests in the long-run, despite inevitable short-term manpower cutbacks.

Food companies' real wealth—their increased added value—and retained profits must grow before additional investment could be considered. "Investment projects likely to provide new employment opportunities make demands on a company's added value and cash generation beyond the normal replacements necessary to keep the existing business dynamic."

Shepherd Neame plans output of 37m pints

BY KENNETH GOODING

SHEPHERD NEAME, the independent Kent family brewing company, is to spend a further £500,000 to expand capacity at Faversham from 80,000 bulk barrels to 130,000 barrels—37.44m pints—a year.

This follows expenditure of about £1m over the past three years to modernise and improve output.

Mr. Robert Neame, chairman, said that the latest projects, planned to be completed in 1979, "should see us through the next decade."

Sales of traditional beer by Shepherd Neame have about tripled in the past four years, and demand for Hürlimann, a high-gravity and more expensive lager, has about doubled since brewing started at Faversham four years ago.

The company has 243 public houses, which are being modernised at an average annual cost of £400,000.

London Brick to revise transport charges

FINANCIAL TIMES REPORTER

LONDON BRICK has agreed to revise its transport charges for fletton building bricks as from next January to take account more fairly of the distance from the company's production sites.

The company's agreement was announced in the Commons yesterday by Mr. John Fraser, Prices Minister. It remedies the single adverse finding of a Monopolies and Mergers Commission report of June, 1976, on the supply of building bricks in the UK. This concluded that London Brick was overcharging customers who operated close to its works and undercharging the more distant customers.

Under the new agreement, London Brick will maintain separate transport accounts for its customers and charge according to the distance from its production site. In addition, loads of fewer than 8,000 bricks will attract a small surcharge. The company also agreed to allow customers to collect bricks themselves at all times, even when there was high demand.

The delay in implementing the new charges is due to London Brick's need to revise its accounting system.

Dock force may fall by 30%, report says

By Lynton McLain, Industrial Staff

BRITAIN'S DOCK labour force is likely to fall by 30 per cent within 12 years, the National Ports Council said in a document on strategy published yesterday.

Reduced demand for labour would hit ports of all sizes, but the traffic base of small and medium ports would be undermined most as conventional berths gave way to specialised berths by 1990.

The greatest impact would be in the West and South-East. These would carry the main burden of cut-backs which the council estimated would reduce demand for dock workers from 40,300 in 1975 to 28,200 by 1990. By then, there probably would be a plateau of stable labour demand.

The council said the loss of work for staff and manual grades would be managed largely through natural wastage. But there would be a concentration of the problem in some areas which already faced a general decline in labour needs and high unemployment.

Local moves

The council prepared the report on the ports industry in response to a call from Mr. William Rodgers, Transport Secretary, for recommendations on the way a strategy for ports should be developed. But the council said yesterday that its conclusions were not a blueprint for the future.

The structural change to more specialised, less labour-intensive port operations still had to be tackled by employers and unions at local level. Selective measures would have to be taken and the problem could not be solved through an inflexible national framework.

Where financial aid was to be given to ports which faced large-scale problems, this should be done only in an "orderly way in accordance with a consistent policy."

The council said inefficiency had to be dealt with more firmly than in the past and, if a port was facing difficulties, it should give quarterly management financial accounts. These would measure performance against agreed targets and a set of performance indicators, including cash flow.

National Ports Council, Report to the Secretary of State for Transport on the Ports Industry; NPC, Commonwealth House, 1 to 19, New Oxford Street, London WC1 1DZ.

New move to aid London port areas

By Lynton McLain, Industrial Staff

MEASURES TO extend the area of London docklands which could benefit from selective Government aid schemes were announced yesterday by Mr. Peter Shore, Environment Secretary.

The Government proposes to apply to a wider area of the five London dockland boroughs the preferential treatment now given to applications for industrial development certificates from selected areas of London and Birmingham.

The certificates are issued by the Industry Department and are needed to support planning applications for new industrial premises in excess of 12,500 sq ft in the South-East and exceeding 15,000 sq ft elsewhere.

"Partnership areas," where planning is guided by joint committees of Government and local authorities, are given precedence after the assisted development areas but in front of new and expanding towns.

There are other partnership areas in Manchester, Salford, Liverpool and Newcastle/Gateshead, but these all fall within development or special development areas.

Mr. Shore also said that the Inner Urban Areas Act, which received the Royal Assent on Tuesday, would be applied in full to the extended area of London docklands.

The Act applies to all inner city partnership areas and enables the Government to make loans of up to 90 per cent on commercial terms for the acquisition of land and for building and site works. It also enables the Government to give other loans or grants.

Mr. Shore, who is MP for Stepney and Poplar, met representatives of the Docklands Forum yesterday, and was urged to adopt urgent measures to ensure the long-term future of the London docks.

Electricity price compares well

AS A RESULT of an error in yesterday's Financial Times, it was incorrectly stated that electricity prices to industry were higher in Britain than in West Germany, the Netherlands and Belgium. The reverse is the case, as the comparative prices given showed.

House building will cost £4½m

Northampton Development Corporaton is to build 362 houses for rent at Briar Hill. The £4½m contract goes to Holland, Hannen & Cubitts (Midlands), of Solihull.

LABOUR NEWS

The Sun appears again tomorrow

BY CHRISTIAN TYLER, LABOUR EDITOR

THE SUN newspaper will be published tomorrow for the first time in 11 days. Journalists in dispute over a productivity pay deal voted last night by about nine to one to accept the company's terms for taking them back after their dismissal last week.

The dispute means a net loss for the paper of more than £1.6m. Some 44m copies were lost.

Meanwhile the paper has been given permission by the Price Commission to raise its cover price from 6p to 7p. If the company decides to raise the price, it will still be 1p cheaper than its rival the Daily Mirror.

The Mirror, which recently lost to The Sun its place as the biggest-selling daily, has been printing an extra 1m copies a night during the dispute and is bracing itself for the resumption of the circulation war.

A circular from the chief executive to managers and union officials says: "When The Sun returns to full publication it will be the greatest challenge the Mirror has ever faced. In the past eight days we have got something like 8m Daily Mirrors into the hands of Sun readers. The great now is to make sure that they stay Mirror readers."

Urging all staff to extra effort, the circular says: "We have every possibility of getting the Mirror back, not only ahead of The Sun, but over 4m." The Sun circulation is around 4m.

The end of the stoppage came after Mr. Bert Hardy, managing director of The Sun, had addressed a meeting of the chapel (office branch) of the National Union of Journalists. But the pay claim has still to be settled.

Although the chapel had voted on Wednesday night by 61-22 to return, it added a warning that industrial action might be resumed if a satisfactory offer failed to emerge in seven days

The management refused to re-engage the 224 journalists dismissed last week until that threat was dropped.

Chapel officials were persuaded to remove the offending clause and substitute a pledge to honour disputes procedure

● A peace formula for a return to work of 65 journalists at London Broadcasting is expected to be agreed today.

Strike hits Leyland

By Our Midlands Correspondent

A STRIKE by drivers at British Road Services is disrupting production by BL Cars in a month when sales are expected to hit record levels.

About 700 workers have been laid off and output of the Mini halted at Longbridge, Birmingham.

The cause of the disruption is a strike by transport drivers at the Castle Bromwich factory, Birmingham, which supplies bodies to the Longbridge plant.

It has also led to lay-offs at the Triumph plant at Bordesley Green, Birmingham, where Triumph Spitfire bodies are made.

The dispute could not have come at a worse time for BL Cars, which is trying to recapture its market share.

In July the State-owned group took only 22 per cent of sales and hopes to do better this month. Stocks with dealers are high.

Shop stewards will meet the company in Coventry today to discuss an incentive scheme, which could yield workers benefits well in excess of those offered earlier this year in a deal with projected increased earnings of £8 a week.

Clyde shop stewards black work on Polaris submarine

BY PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS from naval dockyards on the Clyde decided yesterday to black all work on the Polaris submarine Resolution, which returned to its base on Wednesday while 2,500 dockyard workers there were holding a one-day stoppage in support of a pay claim.

Dockyard workers meet today to ratify the blacking and to consider a sit-in campaign against further lock-outs. Last week Mr. Fred Mulley, Defence Secretary, shut the yards while the Navy freed another Polaris submarine, HMS Revenge, which was also blacked as part of the sanctions over the pay claim.

The shop stewards will tell the meeting today about yesterday's talks with the Commodore of the base after the blacking decision was taken.

They were told that the Navy was no longer prepared to have the operation of its submarines affected by the pay dispute.

Union officials at the yards are aware that the Navy may be forced to repeat last week's clearing of the Revenge with the Resolution when its sailing time draws near.

Mr. Tom Killen, secretary of the joint stewards' committee at the yards, said yesterday that the dockyard workers were prepared to take on the Government if there was any repetition of workers being locked out.

No work other than that essential for health or safety reasons will now be done on the Resolution, which has returned to base for minor repairs and servicing as part of the turnaround programme, which keeps at least one nuclear submarine at sea as part of the British NATO commitment.

The Ministry of Defence said that the blacking would alter the Resolution's servicing programme, but it would have no effect on its operational ability.

The blacking is in support of a claim for "substantial" pay rises for 183,000 industrial civil servants.

NALGO claims big London pay rises

BY PHILIP BASSETT, LABOUR STAFF

IMPROVEMENTS in London weighting allowances of up to 44 per cent are to be claimed by the National and Local Government Officers' Association for its 130,000 members working in the capital.

The claim, which will be submitted next month, is based on Department of Employment figures for London weighting, which show that since allowances were last revised in 1975 costs have risen by 44.39 per cent in inner London and 21.39 per cent in outer London.

NALGO will seek increases of £192 a year for inner London, an increase of 44.13 per cent on the current rate of £435, and £80 for outer London, an increase of 21.05 per cent on the present £285.

The increase claimed for the "inner fringe" area will be £39, 21.66 per cent on the current £180, and for the "outer fringe" area the claim will be for £27, a 22.5 per cent increase on the current £120.

Allowances for members aged below 18, at present half the over-18 rate, would increase proportionately. The claim will also include the removal of certain boundary anomalies.

Increases in London weighting allowances have been prevented under pay policy since 1975. NALGO's Stage Three deal, which added 9.94 per cent to pay rates and consolidated the increase and that from Stage Two, made no provision for London weighting.

Civil Service unions are to submit claims for increases of up to 53 per cent in their London allowances. Teachers' unions have submitted their London allowance claim, and other groups are expected to make similar claims later this year.

Print union sued by its members

By Our Labour Staff

BRITAIN'S largest print union, the Society of Graphical and Allied Trades, is being sued in the High Court by a large group of its London members.

The members, who belong to the London central branch, the largest within the 200,000-strong union, are asking the court to declare invalid a meeting last year of SOGAT's biennial delegate council. The council is the union's top governing body.

The London group allege they were wrongly excluded from the council meeting held in May. An early hearing, possibly in October, is likely.

The allegations arise from an incident during the meeting over the issue of an inter-SOGAT dispute at Format International, a small South London printing company.

A resolution was tabled reprimanding a group of London members for withholding union contributions in protest at the way the executive had handled the dispute. The delegation walked out and a union vote was later taken excluding them from the conference.

500 ambulances to stay off road in Scotland

MORE THAN half of Scotland's ambulances will stay off the road for another week while more safety checks are made.

The decision to continue blacking nearly 500 of the country's 800 ambulances was taken at a meeting in Glasgow yesterday between ambulance chiefs, union representatives and officials of the Common Services Agency.

Ambulancemen in most parts of Scotland have been blacking all Bedford ambulances for up to a week after a number of incidents in which wheels fell off.

The makers, Vauxhall, deny liability and say there have been no similar complaints outside Scotland. But the ambulancemen insist that the vehicles are unsafe.

Yesterday's meeting agreed to keep the Bedfords off the road for another week while stringent tests are carried out.

Nott favours Merchant Shipping Bill

By Our Labour Staff

MR. JOHN NOTT, the Opposition spokesman on Trade, has told Mr. Jim Slater, the general secretary of the National Union of Seamen, that he would urge a Conservative government to give early consideration to the need for a Merchant Shipping Bill.

A draft Bill has been added to a recent White Paper on safety at sea but the Government has yet to introduce it.

The draft Bill covers a wide range of areas, including changes in pilotage regulations, measures to prevent pollution and problems facing the fishing industry.

The union, however, is particularly interested in the draft Bill's references to ship discipline including a proposal to repeal section 34 of the 1970 Merchant Shipping Act, which gives captains the power to impose fines on crew members.

Mr. Nott has told Mr. Slater that he is aware of the importance of changes in the law governing merchant shipping and would press for it in any Conservative programme.

Equity attacks TV plans

BY OUR LABOUR STAFF

EQUITY, the actors' union, said yesterday that its members would not appear on the proposed fourth TV channel, until the union was satisfied that the channel did not threaten existing jobs.

Rejecting the Government's proposals published last week in a White Paper, Mr. Peter Plouviez, Equity's general secretary, said that no individual or collective agreements would be made with any new producing company until the union was satisfied the fourth TV channel would be financially viable. A statement from Equity described the Government's plans as "depressing, unrealistic and unattractive."

Yesterday Mr. Plouviez led a joint deputation from Equity and Amnesty International, the human rights group, to ask the Spanish Government to release El Joglars, a mime troupe jailed on a charge of "grossly insulting" Spanish forces in a play.

The union has already asked the Spanish Prime Minister for the troupe's release. Two members of the troupe have escaped from prison, but four others are serving two-year sentences.

Railmen snub Tory pay plan

CONSERVATIVE attempts to win favour with the trade unions by proposing a return to free collective bargaining in the private sector were rejected yesterday by Mr. Ray Buckton, general secretary of the train drivers' union ASLEF.

Mr. Buckton said that though his union, like many others, was seeking a return to free collective bargaining, it was not prepared to do so on the Conservatives' terms.

Writing in his union's journal, Mr. Buckton said that the return to free collective bargaining in the private sector, as promised by Mrs. Thatcher, Leader of the Opposition, would lead to an increase in the prbolem many nationalised industries were having to contend with, losing highly skilled workers to the private sector.

Conservative policies would leave public sector industries as the training ground of skilled manpower for the long-term interest of private profit.

Mr. Buckton also appealed to the Government to "think again" on its 5 per cent pay policy for Stage Four, "even at this late hour." The Government approach to the problem of inflation with a fourth phase of incomes policy would make it "extremely difficult" to contain rank-and-file pressure.

COMPANY NOTICES

ENERGY REVIEW: NORTH SEA OIL

BY RAY DAFTER

Taxing questions for offshore operators

"MADNESS"... "amazing" "disturbing" and "a cause for great concern": these were some of the initial oil industry comments following the Government's announcement on Thursday that it was planning to raise the North Sea tax take by a further 10 per cent.

The Government, and Energy Secretary Mr. Anthony Wedgwood Benn in particular, might well dismiss these remarks as the predictable bleatings of an industry about to see some of its excess profits being eroded. Cynics might say that oil companies would have used the same comments to describe the tougher conditions for the latest round of offshore licences had not these been overshadowed by the more significant tax change proposals.

Welcome

They would have been reinforced in this view by the remarks of Mr. Tom King, the Shadow Energy Secretary, who said he welcomed the belated recognition that North Sea revenue was likely to fall below estimates. He questioned whether even the Government's proposed tax changes went far enough in respect of the most profitable fields.

But it would be rash to dismiss the industry's implied warning without deeper consideration. After all, the country must rely on the oil companies to continue exploiting the fields that have so far been found and on continuing to search for the reserves which will help sustain energy self-sufficiency throughout the 1980s and, possibly into the 1990s. In spite of its increasing role—further enhanced by the sixth round licence conditions—the state-owned British National Oil Corporation cannot hope to do all of the offshore work on its own.

Of course, it would be false to imply that the oil companies are going to pack their bags and sail away to more enticing prospective areas. In truth there is hardly anywhere in the world where companies could find such an attractive combination of oil producing potential, stable political regime and comparative freedom of operation and profit-making.

Equally, it would be wrong to disguise the fact that Government controls have been gradually tightened in the past couple of years as Ministers have exercised their quite considerable powers.

Mr. Joel Barnett, chief secretary to the Treasury, said that when the rates and allowances for Petroleum Revenue Tax (PRT) were fixed in 1975 the Government had deliberately adopted a cautious approach. The Treasury was now planning to correct this. Mr. Benn has said similar things in relation to operating conditions and the role of BNOC.

There can be little doubt that companies will want to re-evaluate their development schemes, in the light of the PRT proposals, and to re-examine their future exploration plans now they know much more about the conditions—fiscal and otherwise—that will apply. For it is perhaps paradoxical that having been alerted by the big profits now being made by operators in some of the early North Sea fields the Government is to lay most of the extra tax burden on fields which have yet to be brought on stream. By common consensus these discoveries are likely to be much smaller, quite possibly more difficult to exploit, and therefore less profitable anyway.

This is borne out to some degree in calculations made by stockbrokers Wood, Mackenzie. They show that the discounted cash flow rate of return on British Petroleum's Forties Field is 42.5 per cent. Shell/Esso's Auk Field is said to be showing a DCF return of 52.9 per-cent, while Occidental's Piper Field provides a return of 49.1 per cent. It is this level of profitability which has largely prompted the Government to re-examine its tax structure. But these fields may well prove to be the exception. They were planned and largely developed before inflation had taken its full toll on costs.

DRILLING ACTIVITY IN THE NORTH SEA'S UK SECTOR

	Jan	Feb	March	April	May	June	July
Exploration wells	11	9	11	10	12	9	5
Appraisal wells	7	6	6	5	4	3	4
TOTAL 1978	18	15	17	15	16	12	9
Exploration wells	9	9	9	11	14	19	17
Appraisal wells	11	9	11	11	9	8	8
TOTAL 1977	20	18	20	22	23	27	25

Source: Wood, Mackenzie

Companies evaluating projects now face higher levels of capital expenditure without the prospect—within the next few years at least—of a significant increase in the price of crude oil. Hence Wood, Mackenzie calculates that on the basis of oil being $14 a barrel, British Petroleum can expect only a 12.5 per cent DCF return on its planned £1.25bn Magnus Field development—a project which might not have been sanctioned but for the profits accruing from Forties and the fact that the Magnus expenditure can be offset against Forties Corporation Tax. The Phillips group's proposed Maureen development might show a return of 14.7 per cent, again on the basis of a $14 a barrel oil price. Similarly the Amoco group's North West Hutton Field could show a return of only 22.4 per cent.

Even tax examples provided this week by the Treasury indicate that the developers of smaller fields will be hit harder than those with bigger discoveries. A hypothetical field of 65m tonnes of recoverable reserves (a field like Shell/Esso's Tartan discovery) could—under the Treasury's calculations—have provided companies with a take of £810m and an annual internal rate of return of 19 per cent under the existing tax rules. Under the proposed rules the company take would fall to £720m and the rate of return would drop to 17 per cent.

On the other hand a hypothetical field with 30m tonnes of recoverable reserves would provide the participating companies with a take of £420m and an annual return of 38 per cent under the existing system, but these retained profits would fall to £300m and a 31 per cent rate of return under the new system.

Although Mr. Barnett has stated that the Government wants to encourage the development of smaller fields and is willing to provide royalty and tax concessions if necessary. The proposals include a provision which seems designed to do just the opposite. Companies will be allowed a production rate of only 500,000 tonnes a year before becoming liable for PRT rather than the 1m tonnes a year at present.

Other proposed changes include an increase in the basic rate of PRT—from 45 per cent on specified profits of 60 per cent—and a reduction in the "uplift" allowance for certain capital expenditure. If the changes go through companies will be able to charge only 135 per cent of their capital costs against PRT instead of the 175 per cent at present.

This last provision will not only alter the economic complexion of future development projects; it will also affect offshore schemes which are now underway—schemes like Shell/Esso's Brent and Fulmar developments. For the uplift provision will be applied to all expenditure made from yesterday. Little wonder then that Shell and Esso which have spent over £1bn each in the North Sea so far, spoke out strongly against the tax proposals.

Maybe, indeed quite likely, companies will learn to live with the higher tax levels just as they will probably accept the stiffer conditions for the 46 blocks being offered in the sixth round of licences.

What is worrying is that there could be a significant delay in exploration and development work while North Sea project teams re-calculate schemes and re-present projects to their company boards. Here it is worth indicating that the North Sea development programme has already fallen well behind the Government's original forecasts. For instance, in the 1974 "Brown Book" on offshore activity the Department of Energy indicated that it hoped production in 1976 would exceed 22m tonnes. In the event, the output was only 12m tonnes. The projected output for last year was 50m tonnes although production fell 12m tonnes short of that figure.

The Government is confident that its aim of oil self-sufficiency in 1980 will still be met: indeed it should if the oil industry achieves the anticipated output in that year of 90m to 110m tonnes. However, it is often overlooked that under the 1974 projections the UK could have been reaching a self-sufficiency position about now or certainly within the next year. Lower-than-expected domestic oil consumption, caused by the prolonged economic recession and energy conservation measures, has tended to distort the picture and makes the proportionate contribution from the North Sea greater than it might have been.

Joel Barnett—taking a calculated risk.

But these delays may not only be confined to production plans. The pace of oil discovery could well be reduced by new licence policies. The final conditions for the next next round of licences provide BNOC with a much more prominent position. The Corporation will be operator in six of the 46 sixth round blocks, a responsibility it will add to its role as operator in six fifth round blocks, in nine sole licences awarded earlier this year, and in the important Thistle Field development project.

But that is not all. As part of the sixth round conditions companies will be asked to offer BNOC a bigger than 51 per cent stake in the licence consortia. They will also be asked to pay for some of the Corporation's exploration and appraisal costs although this money will be repaid with interest if a commercial field is found and developed. As an aside, all operating committees—irrespective of which company is the operator—will have to meet in Glasgow, the home of BNOC. And all public announcements and statements concerning the licences must either be made by BNOC or made in conjunction with the Corporation.

All this will put considerable managerial and technical pressure on what is still a young oil corporation. It is hard to imagine that some frustrations and delays in exploration will not occur.

In addition there is a question mark over the size of the proposed sixth round concessions. Mr. Benn said he wants to allocate licences on a "little but often" basis. In this way, he says, he can control the rate of exploration and production in the North Sea. But there is a risk that the Government may be slowing exploration too much.

This time last year there were between 25 and 30 rigs operating in the North Sea, admittedly an activity encouraged by last-minute drilling requirements on fourth round blocks. This week there have been 17 rigs operating on the UK continental shelf; only five of these are employed on exploration work, the rest are being used to evaluate discovered structures or to assist in the development of commercial fields.

Dr. Dickson Mabon, Minister of State for Energy, provided the Commons with some other figures a fortnight ago. During the first half of this year 19 exploration wells were commenced, he said. This compared with 67 for the whole of 1977, 58 in 1976 and 79 in 1975.

Disappointing

And yet, in spite of these figures, the Government is allocating only 46 new blocks, relatively few of which are in the known productive areas of the North Sea. Fifteen of the sixth round licences are in the Western Approaches, a virgin drilling area where there are oil or gas possibilities. Three are off the Welsh coast where exploration has provided extremely disappointing results to date. And 13 blocks are to the north west of the Shetland Islands in an area which could have large quantities of oil under the seabed, although it does look as though they will be difficult to produce. (The much publicised BP well on 206/8 is believed to be proving the theory that the oil will not flow well under normal reservoir pressures.)

All in all then the Government may be taking a calculated gamble in striving for higher taxation and greater state controls at a time when the UK is still short of its energy self-sufficiency target, when the best fields appear to have been found, and when exploration and production activities are becoming more difficult and less predictable.

Ray Dafter will be attending Harvard University as a Fellow of the Center for International Affairs during the coming academic year. Kevin Done and others will write the Energy Review in his absence.

PARLIAMENT AND POLITICS

Tories plan survey on council house sales

By Philip Rawstorne

THE CONSERVATIVES today launch a pre-election campaign to publicise the party's housing policies.

Council tenants throughout the country will be asked to take part in a survey to determine the demand for the sale of council houses.

Mr. Michael Heseltine, Tory environment spokesman, said: "At the next general election we shall offer a statutory right to council and new-town tenants to buy their homes at prices which reflect their position as sitting tenants.

"This will represent a significant improvement on the terms on which they can currently buy their council homes, particularly for those who have been tenants for some time."

The Conservative Party aimed to expand home-ownership on a massive scale, he said.

A generous bonus scheme to help young couples in saving to buy their own homes would be introduced as soon as economic circumstances allowed.

Mr. Heseltine, writing in the monthly Conservative News, said that an almost unbridgeable economic gap had opened between council tenant and owner-occupier.

The council tenant was virtually "imprisoned." Every decision depended on the discretion of the local authority.

Mr. Heseltine recognised that despite the home-ownership drive, there would always be a need for rented property. "So we plan to introduce a Tenants' Charter, setting out clearly the relationship and rights of the tenants and local authorities and to involve tenants more closely in the management of their homes."

The next Conservative Government would remove "the uncertainties and deterrents" that hampered the building industry, Mr. Heseltine promised.

"We shall repeal the Community Land Act and modify the Development Land Tax. We shall remove the threat both of nationalisation and of unfair competition from direct labour organisations."

Callaghan firm in support of Lords abolition

BY IVOR OWEN, PARLIAMENTARY STAFF

ABOLITION OF the House of Lords was assured of a prominent place in the Labour Party's election manifesto by the Prime Minister yesterday in his final question time session before the Commons adjourned for the summer recess.

At the same time, he strengthened expectations of an October poll by contemptuously dismissing the possibility of the Government seeking an alliance with the Scottish Nationalists now that the Lib-Lab pact has effectively ended.

Mr. Douglas Henderson (SNP, Aberdeenshire E) had suggested that the Government was prevaricating over fixing the date of the devolution referenda in the hope of being sustained in office by the votes of Nationalist MPs.

Mr. Callaghan replied: "I must say if I had to rely on the SNP for support, I would run tomorrow."

The Prime Minister firmly endorsed the Labour campaign to secure abolition of the House of Lords by commenting that it had been an aspiration "of many of us" for very many years.

After referring to the constitutional difficulties which had frustrated earlier attempts to abolish the Lords, he stated: "We must always strive onwards and upwards."

Mr. Callaghan was notably more cautious when pressed by Mrs. Margaret Thatcher, Opposition leader, to say whether he wanted no second Chamber at all.

This raised a different question, he said. There were many examples of elected second chambers.

But the Prime Minister was adamant that the House of Lords—described by Mr. Dennis Skinner (Lab, Bolsover) as the "biggest quango of them all"—was indefensible. He had never found any legitimate authority at all for an undemocratic and unelected chamber.

"I am astounded that Mrs. Thatcher should seek to defend it," Mr. Callaghan declared. "It is not based on democracy about which she prates so much."

He added: "I know of nobody except the reactionary Conservative Party which would defend the unelected House of Lords."

Mr. Callaghan responded in predictably avuncular terms when Tory backbenchers insisted on treating the occasion as his positively last appearance in the Commons as Prime Minister before the verdict of the polls leads to Mrs. Thatcher taking over 10 Downing Street.

He suggested that the voters were likely to be impressed with Labour's many achievements, not least the way the country had been rescued from the "ungovernable" position in which it had seemed to be left by the last Conservative Government.

Shore proposes switch of council duties

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS FOR a "mini-reorganisation" of English local government in order to reverse some of the sweeping changes made under the 1972 Local Government Act were announced by Mr. Peter Shore, Environment Secretary, last night.

His proposals would mean that responsibility for personal social services, education, roads and traffic, now under the counties, would be handed over to the nine major non-Metropolitan district councils.

They are Bristol, Derby, Hull, Leicester, Nottingham, Plymouth, Portsmouth, Southampton and Stoke.

It is also proposed to give all district councils sole responsibility for planning decisions except for a narrow group of specific matters. At the moment, the counties have the planning powers.

Under Mr. Shore's proposals, the districts would still have to pay proper regard to structure plans and county policies and the counties would retain power to refuse planning applications.

In his statement, given in a Commons written answer, Mr. Shore describes these as limited changes to deal with the worst shortcomings of the 1972 Act.

The changes would not involve alterations to boundaries and would not affect Greater London. With the exception of planning, the alterations would only apply where local opinion favoured them.

Further consultations with local authorities will take place and the proposals could only be put into effect by Commons amendments to the 1972 Act. This means the reforms would have to wait until Parliament reassembles in October by which time a general election may have been held.

On personal social services, Mr. Shore states: "We have concluded that the case for transfer to the larger districts which want them is, in principle, strong."

Dealing with education, he says the case for change should be examined individually in respect of each of the nine non-Metropolitan districts.

Turning to highway and traffic management, he points out that many of the larger district councils are already involved to some degree. His proposals would mean that they would exercise these powers in their own right while still preserving the counties' responsibility for planning and for the allocation of resources.

His statement applies only to England. Under devolution, the Welsh Assembly will be required to review local government structure in Wales.

Option to buy promised by Minister

NEW LEGISLATION authorising local authorities to give tenants an option to buy their homes where they at present own half the freehold, will be introduced "as soon as possible," Mr. Peter Shore, Environment Secretary, said yesterday.

Mr. Shore said in a Commons reply that the Government was keen to promote equity sharing schemes, but at present local authorities had no power to give tenants the option to buy all the freehold at a future date.

The new legislation would put beyond doubt the validity of existing equity sharing schemes that contain an option and enable such arrangements to be lawful in the future.

ALL-PARTY REPORT SUGGESTS NEW STRUCTURE OF SELECT COMMITTEES

MPs seek power and resources to cope with burden of work

BY RUPERT CORNWELL, LOBBY STAFF

A NEW structure of more powerful Select Committees, backed by bigger resources, and the more sensible use of its time by the chamber of the House of Commons were recommended yesterday.

The call came from the all-party Select Committee on Procedure in a report published after more than two years of work and 68 meetings, against a background of growing public disenchantment at the way in which the legislature at present operates.

The basic aim of the report, which alone runs to 129 pages, excluding various appendices and minutes, is to make Parliament more effective in its two main tasks of passing legislation and keeping watch on the activities of the executive arm of government.

"We agree that the relationship between executive and legislature is the crucial feature of the functioning of our institutions of government, and we are conscious of the widespread concern about the present nature of that relationship."

The committee argues that its proposals would go a long way towards striking a new balance, not by revolutionary, but by evolutionary change.

The chamber of the Commons, the report says, must continue as the focus of Parliament's legislative and political work. It is at pains to rebut the suggestion that work in committee is preferable per se to work in the chamber.

"Committees are not an end in themselves but a means of securing greater surveillance of the executive by Parliament," it adds.

The increase in the workload of MPs has occurred in almost every area, the report comments. If new primary legislation has risen only slightly between the mid-1940s and mid-1970s, the volume of statutory instruments (delegated, or subordinate, legislation) has trebled.

The total number of pages of Official Report of the House and Standing Committees rose from 16,753 in 1956 to 24,186 in 1970s, and 34,578 in 1975. By the 1970s, the number of written and oral questions had climbed to 34,000 from 10,000-12,000 per session between the wars.

The proposals the committee admits, are unlikely to produce any drop in the burden of work of Members. They will, however, enable MPs to have proper assistance to do their job adequately and rid themselves of much basic routine and preparatory work.

The bulk of the recommendations fall into three main categories: the way the Commons deals with legislation including EEC legislation and statutory instruments, the structure of Select Committees, and the organisation of its sittings.

Handling of Legislation

Speeches in second reading debates should be limited for backbenchers to a maximum of 10 minutes in cases where a large number of MPs want to take part.

Some Bills of a technical or non-controversial nature might be sent straight to Select Committees. Membership of a Bill's Standing Committee should be drawn in part from the new Select Committee that would be shadowing the Government department which had produced the measure.

Committee stage of a Bill would be improved by allowing the Standing Committee involved to hold up to three sittings in public to take evidence. Unless otherwise arranged, all Bills would go to these new "Public Bill Committees."

Report stage on the floor of the House would be streamlined by allowing the Public Bill Committee to work in later amendments to the measure. Meanwhile, minimum intervals between a Bill's stages should be laid down, and restrictions imposed on timetable (or guillotine) motions.

Tighter control would be applied to statutory instruments as they go through the House. Standing Committees should be empowered to consider substantive motions, and the new departmentally-related Select Committees would be given their say.

They would also be free to consider all EEC documents within their field of interest and should be supplied with progress reports about various documents, as well as about Commission proposals on their way through Community institutions.

The Government should provide debating time for consultative documents issued by the Commission and debate on them should normally take place before the Government has given its approval.

Select Committees.

The committee wants the present system of Select Committees replaced by a structure of 12 department-related committees, covering the activities not only of the departments, but of nationalised industries and quasi-independent Quango organisations under the department's umbrella.

The new committees would cover agriculture, defence, education, science and art, energy, environment, foreign affairs, home affairs, industry and employment, social services, trade and consumer affairs, and the Treasury.

The existing Public Accounts Committee would stay, but the Expenditure Committee would disappear as would those now covering the nationalised industries, immigration and race relations, and overseas development.

Of the new committees, those dealing with home, foreign and Treasury affairs would be able to set up investigative sub-committees. The others would only be able to do so on application to the House. Normal membership would be around 10 MPs.

The Government should allot eight Mondays per Parliamentary session for debate of Select Committee reports. Discussions should be on a substantive motion, and Government responses to committee reports would be obligatory within two months.

To break the control of the party Whips, Select Committees should be nominated by a Committee of Selection and then endorsed by the House. Chairmen should be appointed by the MPs on the various committees, and might be paid an additional modest salary for the job.

More permanent staff resources should be made available, and no limit should be placed on the appointment of "special advisers." MPs themselves should be entitled to personal researchers, paid for by the House, in addition to their secretarial assistance.

The power of committees to send for persons, papers and records should be recognised. An unacceptable refusal by a department to provide information should be considered a matter of serious concern, to be brought to the attention of the House.

Select Committees would be empowered to order the attendance of Ministers to give evidence and to order the production of papers and records by Ministers, including Secretaries of State.

Financial control.

The report would like to see an amalgamation of the Exchequer and Audit Department and the District Audit. The audit staff should be regarded as servants of the House. The Comptroller and Auditor General himself should be brought more fully under the authority of Parliament.

Organisation of Sittings

The report wants to limit the number of very late sittings by making it impossible for sessions to extend beyond 10 p.m. without a motion carried to that effect backed by at least 200 MPs. Friday sittings would run from 9.30 a.m. to 2.30 p.m. instead of the present 11 a.m. to 4 p.m., but the pattern of recesses should not be fundamentally changed.

However, this passage masks substantial disagreements between factions on the committee over the whole issue of hours of work—acknowledged to be more onerous at Westminster than any other western Parliament.

While the number of sitting days has stayed little changed since the war, the number of sitting hours has climbed from an average of 1,116 hours between 1946 and 1955 to 1,690 hours between 1966 and 1975. On average, sittings extend to 12.06 a.m. now, compared to 11.21 p.m. after the war, and the theoretical end to the day's business at 10 p.m. At the same time, early finishes are much fewer.

However, a radical proposal backed by the majority of Labour MPs on the 16-man committee was rejected, on the strength of the chairman's casting vote, after a 6-6 tie. This called for a full-time professional approach to the job of being an MP, with sittings in the morning, afternoon and evening to close at 7.30 p.m. There would be automatic timetabling of all Bills.

In the end, the report merely states that "the work of an MP should be a full-time job, particularly if the proposals of this report for increasing Parliamentary scrutiny of the executive are accepted. We believe that the arrangement of sittings to enable Members to pursue outside employment conflicts with our idea of a modern and effective Parliamentary system.

"While we have been unable to put forward specific proposals to reflect this view, we do not believe the business of the House should be arranged on the contrary assumption," the MPs declare.

First Report from the Select Committee on Procedure, HMSO, £3.25.

Canvey hazards report confirms worst fears, says Tory MP

CANVEY ISLAND is at risk of repetition of the Spanish tanker explosion "thousands of times over," Sir Bernard Braine (C, Essex SE) said in the Commons yesterday. He was attacking plans to set up a new oil refinery at nearby Thurrock.

Already there were 56,000 movements of hazardous materials a year on Canvey's roads. "The proposed refineries would add another 65,000. We have just seen in Spain what can happen when one liquefied gas tanker blows up."

Sir Bernard said that a long-awaited report of the inquiry into the hazards had not only confirmed the islanders' worst fears, but had uncovered others.

The report, by the Health and Safety Executive, had stated that the proposed oil refinery development could proceed, subject to cretain improvements. "That is a lunatic conclusion," Sir Bernard argued.

Mr. Guy Barnett, Environment Under-Secretary, said an exploratory inquiry was started in 1974 into whether permission for an oil refinery on the west side of Canvey Island should be revoked.

Now that the report of the Health and Safety Executive had been received, it had been decided to re-open this inquiry, which had been suspended during the investigations.

The picture presented by the Health and Safety Executive, was not one which ought to raise fear in people living in and around Canvey. The report took the view that nothing could happen in the industrial installations which would hurt anyone outside.

Mr. Barnett said that the team had identified various ways in which risks could be further reduced and talks were going on with senior management to secure improvement.

The report had concluded that subject to the satisfactory outcome of the discussions, existing installations should not be required to cease operations.

Paul Taylor writes: Essex County Council ist o decide in the autumn whether, in the light of the Health and Safety Executive report, it should oppose further industrial or housing development in the Canvey area.

Police "will uphold law in immigrant areas"

IT IS A job for the police and not vigilante groups to uphold law and order in immigrant areas, Dr. Shirley Summerskill, Home Office Under Secretary said in the Commons yesterday.

Mr. Robert Adley (C, Christchurch and Lymington) said it would be much better to ridicule or ignore the National Front. To set up vigilante groups, as suggested by Mr. Peter Hain and the Anti-Nazi League, only escalated the situation.

Dr. Summerskill said the police did not know of any such patrols.

She added: "The police believe it is best for people not to take the law into their own hands. If they suspect trouble or have evidence, they should report it to the police."

Mr. Dennis Skinner (Lab, Bolsover) said it was because of the Tories, attack on immigrants that the Anti-Nazi League had had to be formed. It was significant that the National Front's vote had fallen.

Dr. Summerskill replied: "The views held by the National Front and any racist group are extremely objectionable.

"The Anti-Nazi League, providing they act peacefully and without violence, is not going to fall out of favour with the police. The police are only concerned with the maintenance of law and order."

Mr. Enoch Powell (UU Down S) said that under common law it was every citizen's duty to do the best in his power on the spot to prevent a breach of the peace.

Dr. Summerskill replied: "He performs that duty by reporting fully and promptly to the police any crime or suspicious activity."

FINANCIAL TIMES SURVEY

Friday August 4 1978

WALES

AND THE ROYAL NATIONAL EISTEDDFOD

The worst unemployment figures in Wales for forty years are chilling evidence of the Principality's economic problems. There is also active political debate over the future direction of Welsh affairs. Long-term issues like these are not the happiest background to next week's Eisteddfod in Cardiff.

Discord behind the singing

By Robin Reeves
Welsh Correspondent

THE ROYAL National Eisteddfod defies straightforward definition. Wrestling with the problem, a recent book described it as "a sort of annual general meeting of Welsh Wales, in one sense a stockade, into which people can retreat and bolt the gates against the English; in another sense an open house for all of Wales, the embodiment of hope, the vehicle of tradition and dreams, an assertion of collective personality, an exhibition, a major cultural festival."

A less poetic description would simply be "a celebration," a national gathering held alternately in north and south Wales which for one week each year (now the first full week in August) becomes the effective capital of the nation.

The Welsh-speaking community from Cabinet Ministers to farm workers, comes, may be to perform, but certainly to watch, listen, meet, discuss, argue, exchange gossip and generally recharge their cultural batteries in a once-a-year totally Welsh environment.

Large numbers of non-Welsh-speakers also come, perhaps to compete musically or simply to soak up the unique Welsh atmosphere and remarkable mixture of arts, culture, commerce and pageantry in a country distinctly short of its own national institutions. A significant measure of the ever-growing interest is that although the number of Welsh speakers continues to fall, attendance increases each year. This year's Eisteddfod — in Cardiff — is confidently expected a record attendance of over 200,000.

Eisteddfod is, of course, one of the select band of Welsh words to have entered the English language. The literal translation is "session" but it has grown to mean a gathering for poetry and music competitions. The first recorded Eisteddfod was in 1176 in Cardigan, a town to which the event returned two years ago to celebrate the 800th anniversary.

But in its present form the Eisteddfod has stemmed from the romantic movements of the early 19th century and particularly from one famous Welsh eccentric, Iolo Morgannwg, who literally invented the Gorsedd Beirdd Ynys Prydein or Assembly of the Bards of the Island of Great Britain, who provide "the national" with a good deal of its colour, notably the ritual high spots—the crowning and chairing ceremonies.

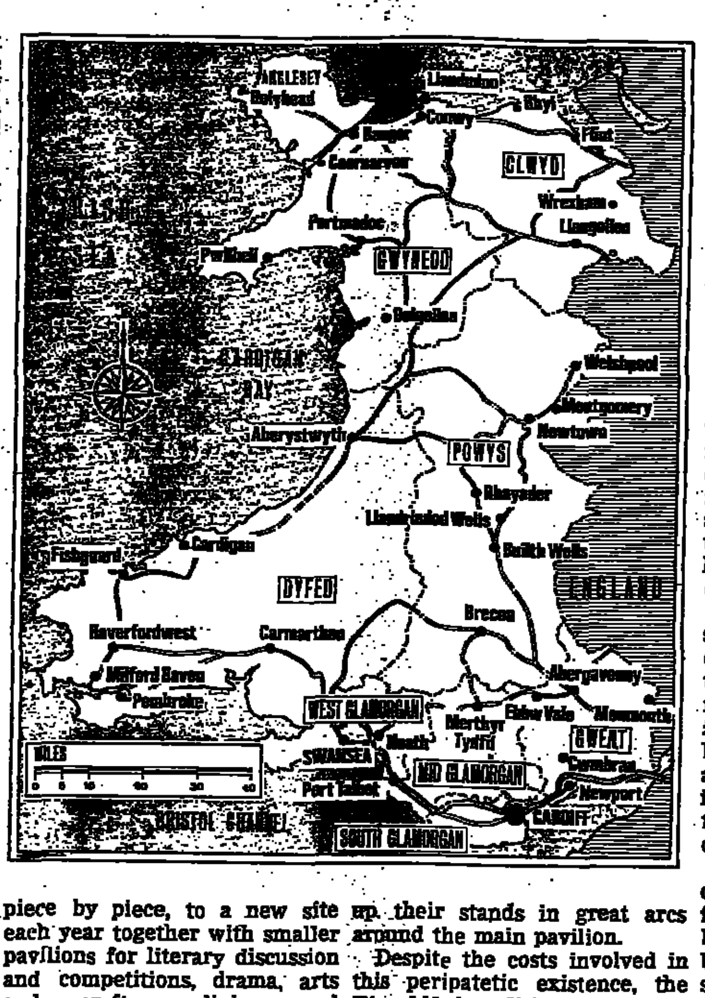
The crown is awarded for a poem, on a set subject, in free metre and the chair for an ode in traditional strict metre, using intricate rules first laid down in the Middle Ages. Both are a recognition of the special prestige poets have always enjoyed in Welsh society.

Ranking

Invented or not—and what ceremony was not—Iolo Morgannwg's gorsedd has stood the test of time, including his original division into three orders of ranking.

Those wearing white robes are members of the senior order, the Druids, awarded as a special honour for services to the arts in Wales. Those in blue are bards and musicians who have entered the order after passing a stiff examination; the junior, robed in green, are those who have either passed a simpler examination or have been awarded membership for services to Welsh life—the nearest thing Wales has to its own honours system.

Focal point of the Eisteddfod and the setting for the majority of ceremonies, speeches, competitions and concerts is the main pavilion—by all accounts the largest mobile building in the world. Holding 5,000 it has to be physically transported, piece by piece, to a new site each year together with smaller pavilions for literary discussion and competitions, drama, arts and crafts, religion and science. In addition there are 100-or-so commercial and official exhibitors who join the same pilgrimage each year, setting up their stands in great arcs around the main pavilion.



Despite the costs involved in this peripatetic existence, the Eisteddfod traditionally used to emerge each year showing a small profit, relying on a mixture of voluntary help, appeal funds, ticket money and local authority grants. A special Act of Parliament, passed in 1959, empowers local authorities throughout Wales to grant-aid the Eisteddfod and most usually do.

But in the past five years inflation has played havoc with the traditional sources of finance and exposed deficiences in the Eisteddfod's organisation. Matters were not improved by the need to purchase a new main pavilion.

The cost of staging this year's Eisteddfod is expected to rise to £500,000, more than double the cost of staging the event four years ago. Half the expenditure will go on moving from last year's site in Wrexham and on laying on of services at the Cardiff site, and the other half on the actual artistic content.

The Government recently stepped in with a very welcome one-off grant of £275,000 mainly to meet the capital losses of the new pavilion and has promised £75,000 towards next year's Eisteddfod, to be held in Caernarvon. Industry too has made its biggest ever contribution—a total of £15,000—towards the cost of the event.

The Eisteddfod's executive council—elected by the Eisteddfod Court to which anyone can belong on payment of £2 membership fee—has also taken steps to put the organisation on a more professional footing, notably through the appointment of a full-time executive director. But finance remains a headache and the organisers are anxious to secure longer term support from government and industry. An in-depth study of the long term financial position and policy options is now under way.

One stumbling block has been the view that the Eisteddfod is essentially an amateur festival and therefore should not qualify for general grant aid from the traditional source of funds for the arts, the Arts Council.

Significance

Yet the Eisteddfod has far more cultural significance for the average man-in-the-street in Wales than many an event in England subsidised up to the hilt by the Arts Council. It also does not take account of the fact that a professional tradition in Welsh cultural life was unable to develop after the Tudors because of the lack of a Welsh-speaking aristocracy to extend the necessary patronage.

If the word professional is used to mean a high standard and commitment, then the Eisteddfod can fairly claim that its wide range of musical, arts and crafts and literary competitions is wholly concerned with the pursuit of professional excellence. "The national" is in fact only the pinnacle of an intricate network of village, local, and district *eisteddfodau* which take place all over Wales throughout the year, providing a unique training ground for artistic talent. It is this tradition which has produced many of Wales' best-known artists in the world at large.

The financial difficulties inevitably put pressure on the Eisteddfod to abandon its nomadic existence and settle for one or perhaps two or three permanent sites in north and south Wales. This is one of many passionately debated issues surrounding the Eisteddfod, but most people argue that something important in its character would be lost. Part of the attraction for many *eisteddfodwyr* (Eisteddfod-goers) is visiting a different corner of Wales each year. More important, it would no longer be possible to call on the vast local voluntary effort lasting up to three years which goes into making the "national" a success, when it makes a once or twice-in-a-lifetime visit to a particular town or district.

Another controversial issue is the Welsh language-only rule, which has resulted in some local councils refusing to contribute grant aid on the grounds that non-Welsh speakers are excluded. But as already mentioned, all that the Eisteddfod does is to create a 100 per cent Welsh environment to which the world is welcome—and they come in their thousands. Music is international, and so is art, and for those that don't understand the rest there is a simultaneous translation service into English. The great majority of the Welsh would undoubtedly wish to keep it that way.

Unemployment takes a firmer grip

WHEN FORD announced, just a year ago, that it had chosen Bridgend as the site for its £180m engine plant it was as if Father Christmas had arrived in Wales prematurely. The thought of all that money being pumped into the economy and all those jobs—at least 2,500—being created led to a jump in confidence. Sadly, the quickened pulse rate occasioned by Ford quickly subsided. The closure of the East Moors steelworks in Cardiff, where 3,100 people, most of them men, have been laid off this spring, together with the ending of steelmaking at Ebbw Vale with the loss of some 2,000 jobs, and the postponement of the British Steel Corporation's investment programme at Port Talbot have depressed an economy that is static.

Wales is haunted by unemployment at the moment: the figures are now at their worst for 40 years. In Cardiff, which will suffer worst, it is probable that the redundancy payments coming just before the summer holidays will have cushioned the blow for a while. But the figures for the country as a whole are rising inexorably. They have reached 98,000 and are virtually certain to go over 100,000 this month. It is a depressing outlook.

Steel is the major problem because it plays such an important part in the Welsh economy. It accounts for around a third of the output of manufacturing industry, a proportion that is higher than all but a few other heavily industrialised parts of the UK.

Coming to terms with the 1980s in steel terms has been the most traumatic lesson for Wales this year. Until the early part of the year it had been hoped that the known, and inevitable closures would be offset by expansion at Port Talbot. Now even major development programmes are having to be carefully re-evaluated.

Before the crisis earlier this year BSC was aiming to pare back its workforce from 57,700 in 1976 to 50,000 by 1980 and by a further 5,000 to 10,000 by the mid 1980s. Those projections have now gone by the board: what the eventual shape of the steel industry will be is still almost anyone's guess since the steel crisis is international in dimension. What is clear is that the industry in Wales will have to adjust to this new dimension in the same way as the coal industry had to readjust in the decades after 1950 when its workforce came down from 150,000 to around 30,000 employed now.

Much of the problem in Wales, as in the other heavily industrialised areas, is that jobs have been taken from men and created for women. Between 1965 and 1975, for instance, and the trend has continued, the number of men in work fell by 13 per cent while there were 19 per cent more women employed.

The various Government schemes to alleviate the depression have been invaluable in helping to hold up the economy. The job creation programme has given rise to 14,000 jobs and last year over 6,000 people benefited from the training opportunities scheme. Another 4,500 young people joined work-experience schemes and 4,000 received Manpower Services Commission training in industry or colleges.

Missing

Despite this gloomy overall picture there are bright spots within the economy. The level of inquiries is rising and the official picture from the Welsh Office is that there is a slight, but perceptible, upturn in the economy. This reflects what is happening elsewhere in Britain, especially in the important West Midlands. What is missing is an air of confidence among firms that this upturn will be sustained. Partly, firms are adopting a wait-and-see attitude before taking on more staff though they are inhibited by the protection that the Government has given employees to fight dismissal notices through industrial tribunals.

Ford is by no means the only company to announce an expansion plan, though it dominates through its sheer size. Other companies which have announced or recently completed an upgrading include Girling at Ebbw Vale, Hoover at Merthyr, Monsanto at Ruabon, Alcoa at Swansea, Anglesey Aluminium on Anglesey, Kellogg at Wrexham and the two catalytic cracker projects at Milford Haven, one by Gulf and Texaco costing £290m and the other by Amoco and Murphy on a smaller scale costing £75m. In addition, there is a £4.5m plan to enlarge the dock facilities at Pembroke Dock to accommodate B+I Line which is switching its ferry services to Cork away from Swansea.

On top of this the Welsh Development Agency is conducting an aggressive programme of advance factory building to create units available in advance for potential industrialists. The first large-scale site was at Wrexham but an even bigger operation is to be undertaken in Cardiff at East Moors. The Agency has been given an extra £13m to spend in Cardiff over the next three years (a similar sum has been allocated to Ebbw Vale) and much will go on providing factories on this site.

The Agency has been greatly aided in its work on this site by the operations of the Land Authority for Wales. Land tenure in Cardiff is greatly complicated but the Authority, through its powers, has been able to cut through legal difficulties with the minimum of fuss.

The work of the WDA, from its Treforest headquarters, has been complemented throughout mid-Wales by the young Development Board for Rural Wales. Within this scattered area the Development Board has been given some of the functions of the WDA, especially those concerning advance factories. It has stimulated firms to come in and encouraged those already in to grow. But what it has found is that the Welsh are not a race of self-starters in business. A drive towards entrepreneurship is lacking throughout the country so that the lead invariably has to be given by one or other official body.

This particular aspect of the Welsh has not deterred foreign firms from establishing operations in the country. Scotland has caught the eye, in public relations terms, in attracting overseas concerns to the point where Welsh successes have been overlooked. The Development Corporation for Wales, which has conducted a campaign in Europe, America, Japan and Australia, has successfully "sold" Wales as a base to more than 130 foreign companies.

Of those, at least three quarters are American. Wales also enjoys the fact that it has four of the seven Japanese concerns operating in the UK—Sony, Matsushita, Takiron and Sekisui. There are high hopes, too, that another entrant—Mitsubishi—will shortly choose a site on the outskirts of Cardiff for a European lorry assembly operation.

Service

If it does then it will boost the car-components sector of the economy which has grown so rapidly in the past 10 years. In addition to Girling, others in this sector include Ford, Fram Europe, Smiths Industries, Cam Gears, Borg Warner and Aeroquip and it is now the second most important employer, after steel, among manufacturing industries.

The most important employer is the service sector, with a heavy preponderance of civil service jobs. From being a land of heavy-industry workers—coal, steel, docks, slate, petrochemicals—Wales is now a white-collar country, with probably two out of every three employed in administration, education, tourism or the like. In theory this should provide more stability for the economy, though it is unlikely to do so until the economy picks up sufficiently strongly for the nasty pools of unemployment to be absorbed.

When that happens further growth will be aided by the very considerable programme of road building which has taken place over the past few years. Mr. John Morris, the Welsh Secretary, has placed great importance on this aspect of policy and has fought for his programme through the various public expenditure cuts which have been a feature of the recent past.

The result is that the M4 motorway, which has done so much to stimulate the economy of south east Wales, and which played an important part in the Ford decision over Bridgend, will be virtually completed by the early 1980s. At the same time, missing links on the heads of the valleys road will be filled in and the plea of the Confederation of British Industry that the infrastructure should be improved will have been met.

While South Wales might get the limelight equally important work is being planned for North Wales, particularly around Wrexham and along the A55 which links the coastal towns and acts as a feeder for Holyhead from the industrial north-west of England.

Other improvements which have contributed to the economy include the introduction of an air service by Air Wales which links north and south with Europe, greater spending on hotels, and more tourists, particularly those from Europe, visiting the country. For the past few years it has been impossible, metaphorically speaking, not to bump into a Swedish car, or one from France Germany, Denmark or Holland.

Even so, a lot needs to be done. With the exception of Northern Ireland, Wales has the lowest income per head of any part of the UK and gross domestic production lags behind much of the rest of the country. Wales produces just 88 per cent of the national average.

If the Welsh economy is really to flourish there is still a long way to go. The important thing is that the foundations are being laid for an economy which will be able to meet the needs of the end of this century. This may not seem a very appropriate conclusion but given the enormous changes that have taken place over the last 30 or so years it is really a very large step to have taken.

Anthony Moreton

Changing Cardiff

THERE ARE three myths concerning Cardiff. The first, held by a few people even now, is that it is a coal town, overlain with the dust of the pits and where the unsuspecting visitor is liable at any moment to turn a corner and fall over a load of coal dumped on the pavement. The truth is that Cardiff has never been a coal town in that sense; I don't know how near the nearest colliery was in the days when South Wales shipped its coal to the four parts of the compass but the nearest one today is probably the best part of 10 miles away. You would have to look very hard now for signs of the coal trade on which Cardiff's Victorian prosperity was built.

In its heyday Cardiff was a coal merchanting city. Its offices and middlemen shipped the stuff from places like Penygraig and Pontypridd and Troedyrhiw and Aberfan and they probably only saw the stuff when they burnt it in their grates. Fortunes were made out of coal, and not only by the colliery owners up the valleys. The bargemen, who brought it down on the canal, the accountants, the trimmers, the stevedores, the harbour masters and countless others all shared in the prosperity in greater or lesser degree.

But those days ended in that hot summer of 1914 and Cardiff was never to recapture the grandeur that it had had for perhaps 30 or 40 years when the world wanted, desperately, what only Cardiff could supply in any quantity. After the war there was the depression and when times were not catastrophic the bitter struggles between the mine owners and the mineworkers sharply cut output. Cardiff itself missed the worst of this, because its task was to sell coal, but in the valleys conditions were little short of desperate. Men stood on street corners like groups in a Lowry painting; shops were boarded up; depression was everywhere, especially in men's faces.

Try as it would, Cardiff never really recovered from the loss of this prosperity. The steel works in Dowlais moved down to the city to bring a degree of prosperity with them, further denuding Merthyr in the process, but it was a transient prosperity and they, too, have now gone. Cardiff is now a city of civil servants and office girls and shopkeepers and van drivers. Four people in every five earn their living, in the jargon beloved of economists, in the service industries. The Inland Revenue dominates and the Ministry of Defence is coming. The Pearl building grotesquely towers over the gracious, Edwardian-influenced city centre, as though to emphasise that an era when things were made has been replaced by an era when things are signed and passed on for confirmation higher up the line, perhaps another floor up, perhaps in London or Birmingham.

Evidence

The ghosts of Cory and Reardon Smith and Guest and Bute must be stirring uneasily in all this. Fortunately, enough evidence remains in the central heart of the city as reminders of what things were like. Apart from the civic centre, once claimed to be an architectural masterpiece to which other architects were brought to gaze and admire, much as later planners were taken to Roehampton in London to see what housing estates were all about in the brave new world of the 1950s, the centre of Cardiff is a stone-built city. The houses and shops and pubs and public buildings are built of stone and have therefore stood. They may have needed a certain updating internally, but they have stood as monuments to their creators. The only brick-built buildings—put up much later—have long

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One man's Eisteddfod

IN 1864, when the Eisteddfod was held in Llandudno, a newspaper correspondent wrote thus of a speech by one of his Eisteddfodic contemporaries: "He proved three things. First, the right of every Welshman to enjoy madness, at least once a year—during Eisteddfod week. Second, that the dear old Welsh language is at death's door, and third that all you lazy Welsh scoundrels should learn English, otherwise your fate will be rags and porridge."

My Eisteddfodic madness started in 1915 when at the age of eight I was taken to Bangor by my grandmother to see the Gorsedd of the Bards performing in their stone circle in the shadow of the new University College of North Wales. I had no idea what a gorsedd, a bard or an eisteddfod were but I did know my Bible and ours was illustrated. I knew Adam, Cain, Abel, Moses, Joseph, Jesus, and Aaron complete with mitre, breastplate and rod. So imagine my delight when there in Bangor, on a massive slab of stone, stood Aaron in a long robe, mitre and breastplate. Nearby another Israelite held the famous rod. There was no golden calf. That was my first Eisteddfod and my elders told me afterwards that the man on the stone was not really Aaron but an archdruid called Dyfed. I have never believed them.

In 1917 the Eisteddfod went "foreign," to Birkenhead—a town built by Welshmen. I was not there but I remember it well for the gloom and sadness it brought to our village, indeed to every town and village in Wales. The Eisteddfod, like Snowdonia, has many peaks—the blue riband for the soloist, the chief choral, the prose medal, the winner in the arts and crafts and the crown poem.

But highest peak of all is that magic moment when the archdruid calls out the *nom de plume* of the poet who has won the chair and bids him stand while begging the other ten thousand to sit. That Thursday afternoon, September 6, Dyfed called on Fleur de Lis to stand. He called once, twice, three times and then a little lady clad in black walked on to the stage and spoke to the archdruid, who announced that the poet, Ellis Humphrey Evans, a shepherd from Trawsfynydd, had fallen on Pilkhem Ridge on July 31. Ten thousand people wept and they covered the chair in black.

Competition

On my way to Cardiff I shall pause by his statue in that hill village, where the great modern power station is, and look across the fields to his home where the pilgrims still go to stare at the saddest of all Eisteddford chairs.

In Barry in 1920 I won a silver medal for three poems in the children's competition. I was 13 and the adjudicator prophesied glory which proves that even eminent Welsh scholars can be wrong. They sent the medal by post. I have since lost it.

In 1921 I became an *eisteddfodwr* (a follower of the Eisteddfod). The Eisteddfod was at Caernarfon. It was held in a massive pavilion which had been built for the 1877 Eisteddfod and had developed into "the political and cultural Mecca of Gwynedd." Lloyd George made his famous "backwoodsman" speech there in 1909: the great singers and great divines filled the pavilion. Blondin walked above it on a wire rope and when F. E. Smith came to attack their beloved Lloyd George hundreds of quarrymen walked around and around its perimeter trailing each one his cudgel against the corrugated sheets. No one heard Lord Birkenhead.

It was there that I saw for the first time the massing of the bards for the crowning and chairing ceremonies and listened in rapturous astonishment to an adjudicator persuading us with his golden voice that the winning poem was indeed the finest ever written. His voice in those pre-microphone days penetrated to every corner of the huge pavilion and I have often felt that had he chosen to recite one of the multiplication tables he could well have persuaded us into accepting it as the winning ode.

As it happened it was a vintage year—the crown poem being perhaps the most popular long poem ever written in Welsh. Twenty years later, on a Sunday afternoon in a remote farm in Merioneth, a servant girl asked me if I knew the poem and promptly recited all its 700 lines.

That is how an *eisteddfodwr* was born. Since then I have followed the trail to every one of the 13 old counties and in 1929 across the Mersey to Liverpool where Caradog Pritchard, of the Daily Telegraph and Fleet Street, won his third consecutive crown — a triple crown indeed. I saw him first in Form V when I was in Form II in Bethseda.

In 1939 Hitler paralysed the poets. For the only time in Eisteddfod history no one was deemed worthy of either crown or chair. Indeed, Hitler nearly won the bardic war for in 1940 they rationed the great festival and held it on the radio.

In 1954 in Ystradgynlais the title of the chair poem was "The Dam" and again it rained and rained. Some old soldiers of World War I spoke of Flanders and it is said that some *eisteddfodwyr* never returned from Ystradgynlais. It rained during the male voice competition in Ebbw Vale in 1958. The pavilion was crammed and outside under the dripping eaves sat scores of colliers with newspapers on their heads completely oblivious of everything except the singing.

At two o'clock in the morning on a street corner in Llanelli in 1962 I saw a man from Eifionydd in Gwynedd trying to explain to a cloth cap from Glamorgan the technique of an epigram to a sheep dog. I left them to it and went to bed thankful for having been born a Welshman.

In Flint, in 1969, the bards came to the crowning ceremony in a double decker bus with Colwyn Bay Mountain Zoo written on its side. I was in the bus.

From Bangor in 1915 to Cardiff in 1978 is a lot of Eisteddfodau. Glorious, joyous, proud, tragc, quarrelsome and funny Eisteddfodau. The language of the platform is Welsh. In Germany it would be German, in France French. There is nothing sinister in that. There is an instant translation system into English.

But the Eisteddfod has a problem. It now costs half a million pounds each year, so how can towns like Cardigan or Caernarfon hope to invite the festival in the future? How indeed can Caernarfon cope next year? Fortunately Mr. John Morris, Secretary of State for Wales, persuaded the Treasury to give £200,000 towards the capital cost of the pavilion and another £75,000 to move it from Cardiff to Caernarfon. But a generous once-and-for-all grant does not solve the annual problem.

Unique

I know the answer but no one listens. This folk festival, unique in the whole world, is a peripatetic further education college and ought to be fully grant aided by the Department of Education and Science. It produces an annual syllabus: it attracts four to five thousand students in literature, drama, music, arts and crafts. Its adjudicators are eminent in their several spheres.

The Gorsedd holds its own examinations in poetry and music and awards its degrees on the Eisteddfod field in as colourful a ceremony as that of any university. The Eisteddfod is a college and should be grant-aided as such.

For one week in August the whole of Welsh Wales is crammed into one large pavilion in one large field. Imagine one whole week of the last night of the Proms.

What will eventually become of the National Eisteddfod? It may seem to the uninitiated a circus, and to the rabid secessionist a far too respectable cultural establishment. But as Cynan (the famous archdruid on the poster) used to say: "Little dogs may bark but the caravan moves on."

I. B. Griffith

A busy time for the politicians

WALES STANDS on the brink of a year of unprecedented political activity. In the autumn, almost certainly a General Election, followed sometime in the spring by the devolution referendum, district elections in May and direct elections to the European Parliament in June. And if Wales does back its proposed Assembly, then "direct elections to Cardiff" are bound to follow soon after that.

The General Election will almost certainly be dominated by the usual bread and butter issues of the British political scene—inflation, jobs, management of the economy—but the Welsh Assembly and European campaigns promise to produce a more fundamental debate about the real meaning of democracy, political accountability and nationhood and Wales' relationship with the UK and Europe.

Poll

Looking at the prospects for what everybody now assumes will be the first contest—an autumn General Election—there is certainly no aroma of dramatic change in the air. Cross-voting may produce the odd upset in one or two of the 36 Welsh constituencies, but nobody will be at all surprised if Wales returns to Westminster its present complement of 22 Labour, eight Conservative, three Plaid Cymru and two Liberal MPs, plus the Speaker, Mr. George Thomas, MP for Cardiff West.

Strengthening this view is a recent BBC-commissioned poll which showed Labour as holding its broadly 50 per cent share of the Welsh vote, evidently undented by the highest unemployment in Wales for 40 years. The same poll also indicated unchanged support for Plaid Cymru compared with the last General Election, but a sharp increase for the Conservatives and an apparent collapse of support for the Liberals.

But, taking the Liberals first, nobody in Wales for one minute expects Emlyn Hooson in Montgomery and Geraint Howells in Cardigan therefore to lose their seats automatically. Both represent rural constituencies in which personality and tradition are important, whatever the polls may say. Emlyn Hooson is regarded as safely entrenched in the power base of the former Liberal leader, Clement Davies, for as long as he wishes to stand. Geraint Howells, who won back Cardigan for the Liberals in 1974, after an eight year period in Labour hands, is less secure, but he has nursed the constituency assiduously and is generally expected to hang on to the seat.

Again, despite the Conservatives greatly improved poll showing, it is still felt they will be lucky to translate this into an actual increase in seats. Top of the Tory list of hopefuls are Brecon and Radnor, and Swansea West, and given a negligible showing by other opposition parties and a significant drop in the Labour vote, they could conceivably capture these two seats from Labour. But, at the moment, nobody is putting much money on it.

As it happens, the Conservatives are also nursing the smallest majority in Wales where in Pembroke, Mr. Nicholas Edwards, the shadow Welsh secretary had a 772 majority in 1974. But having weathered the 1974 Liberal revival and a very strong assault by Labour, still incensed at the loss of Desmond Donnelly's old seat, he is expected to win again this time round.

Plaid Cymru too looks superficially far from secure, particularly the party President, Mr. Gwynfor Evans, who regained Carmarthen only in October 1974, after failing by three votes to regain the seat from Labour the previous February. But as with the Liberals, the combination of the personal vote, strong devotion to constituency affairs as well as the Nationalist cause, and a professional, enthusiastic constituency organisation, is expected to ensure the return of all three Plaid MPs to Westminster again.

Plaid's big wish is for a breakthrough in the industrial valleys of South Wales. It has put the wind up the Labour Party on more than one occasion since Gwynfor Evans' first victory in 1966, and two years ago achieved the symbolic advance of winning control of the district council of Kier Hardie's old seat of Merthyr Tydfil. But most recent evidence, including local council by-elections, suggests the Nationalist tide has been checked, at least for the time being.

The dominant factor in Wales's political geography remains the large majorities enjoyed by Labour in many of its constituencies, enabling the party to weather swings and unpopularity which sends seats crashing in England and Scotland. There is simply no sign of that dramatic change in mood required to alter significantly the present number of Welsh Labour MPs at Westminster.

At least three months must pass between the General Election and the Assembly Referendum, under the terms of the Wales Act (it received the Royal assent this week). This means January at the earliest, but most expect whichever government is in power to wait until the spring, so as to use the new electoral register and minimise distortions arising from the 40 per cent-of-all-voters threshold for the Assembly to go ahead.

There has long been a general tendency to write off the result in Wales as being bound to be a decisive rejection. But this dismissiveness recently received a sharp rebuff from another of the BBC poll's soundings, which showed public opinion now being equally divided on the issue—a swing in favour of the Assembly compared with a similar poll a year previously. Support is still far short of the 40 per cent requirement, but it has put fresh heart into the pro-Assembly campaign. Indeed, as they gear up, the pro-Assembly forces are beginning to look purposeful and united, with three out of the four Welsh parties officially in favour, while the antis give the appearance of having exhausted their arguments during the Bills tortuous passage through Parliament.

Voting

With district council elections to follow in May, the question arises whether Wales will, by then, be suffering from democratic indigestion or exhaustion, resulting in a very low turnout in the European elections. The question is an important one because, looking at recent Westminster voting patterns, all four Euro-constituences in Wales appear cast-iron safe seats for Labour. An exceptionally low turnout, on the other hand, could make the contest in one or two of the constituencies less than a foregone conclusion.

Robin Reeves

Cardiff

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since collapsed or been pulled down.

The second myth is that it is an English city; a monoglot city, in Wales but not of it. For a while this may have had more than a trace of truth about it. There was a time when Cardiff went through a very Anglicised period. Back in the 1950s there was a sharp little correspondence, as I remember, in the evening paper when a small group of people wanted the street's names changed from Welsh into English. They were defeated; and the tide turned. The Pen-y-dres and Heol-y-deris and Heol-y-felins remained just when the stream of Welsh consciousness that was becoming more noticeable in the rest of the country spread into what was, by now, officially the capital.

Since that administrative act, in 1954, Cardiff has become a lot more "Welsh." Outwardly, street signs are in English and Welsh, as are many direction signs. There are Welsh bookshops and Welsh plays and it is possible to educate children in Welsh. The buses have City of Cardiff on one side and Dinas Caerdydd on the other.

Of course, this is not Cardigan or Conwy, nor even Swansea. The visitor will not run into Welsh at every turning, but it is difficult to go away from the city without having tasted it at some point.

If much of this has happened since the Eisteddfod was last held in the city, in 1960, then the intervening years have also been a period of uncertainty and indecision. Compared with other cities like Newcastle or Swindon, Cardiff has been hamstrung for the best part of two decades by an inability to decide on how to develop its centre. The result has been planning blight and inner-area decay which is only now being put right. Old houses were pulled down and replaced by the only short-term tenant possible, the temporary car park.

Heart

One scheme after another was put up, plans were cast aside or redrawn; all the while a rather seedy air permeated much of the heart of the city. This hiatus held back Cardiff's redevelopment at a time when its confidence needed developing rather than undermining. Was it coincidence that the big major development within the city, to the Arms Park, was taking place at the same time as Wales was seeing a second golden era on the rugby field? Was it a coincidence that the first golden era had been in the heydey of Cardiff's industrial pre-eminence in the early years of this century?

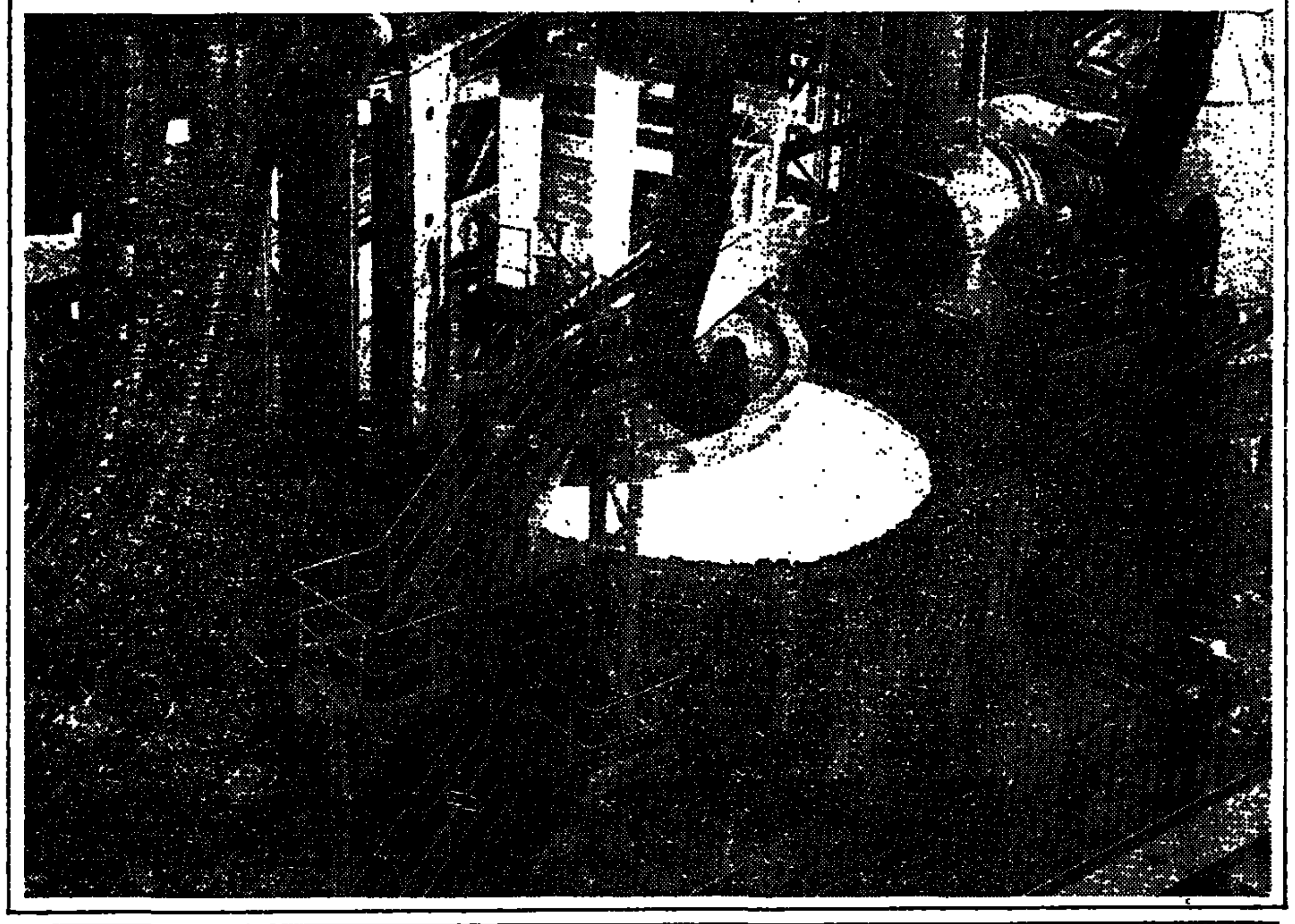
Fortunately, though, in all the too-ing and fro-ing one of Cardiff's unique features has been left intact. Cardiff has more shopping arcades than any other city in the world. It has eight in all, proving that the Victorian planners knew a thing or two about segregating pedestrians from traffic long before "planning" became a cult word.

Now, however, the years of indecision are over. Queen Street, one of the city's two major shopping streets, has been turned, very successfully, into a traffic-free piazza. Rebuilding is going ahead strongly. Woolworth and Marks and Spencer are expanding, W. H. Smith is moving into a much larger home, Debenhams is building a new store. A concert hall is envisaged. The area is alive.

Despite the closure of the East Moors steelworks, which has sent up the rate of unemployment among men to 10.9 per cent, there is still a greater degree of hope about today than has been obvious for some years. Trade in the docks, a long-depressed area, is picking up, there are hints that Mitsubishi might be about to join Mitsushita in the city, house prices have held up well. Next week's visitor to the Eisteddfod may not see all that much difference on the surface from his last visit in 1960, but it is there.

The third myth is that, in Cardiff as in the rest of Wales, everyone sings like an angel. I prefer to believe this.

Anthony Moreton



Cardiff Castle.

Recognition of the Welsh community

LAST WEEK'S Government decision to give the go-ahead to a Welsh language service on the fourth channel in Wales is, by any standard, a significant event in the history of Wales' national culture. Historians are agreed that Welsh was originally saved from extinction four hundred years ago by the decision of the then Government—of Elizabeth 1—to have the Bible and Book of Common Prayer translated into Welsh. Combined with the Protestant Reformation, this ensured that Welsh did not slowly degenerate into a peasant patois, but continued as a rich living language of literature and learning.

It would be exaggerating greatly to suggest that the Welsh language channel is going to have the same effect. But certainly the decision marks the most tangible recognition of the needs of the Welsh-speaking community by any government in recent times. And many in Wales have long argued that provision of a comprehensive Welsh television service is one essential ingredient if the language is to survive and prosper.

Just as Welsh flourished as the Welsh Bible found its way into every Welsh-speaking home, so it has come under increasing pressure, particularly among the young, from the spread of television. For the past 20 years every Welsh home has effectively played permanent host to a highly articulate, entertaining and predominantly English-speaking guest—with inevitably damaging consequences for the national culture.

That said, the present Government has not shown unseemly haste in securing its place in Welsh history books. The early 1960s Pilkington report on the future of broadcasting warned that unless there were programmes in Welsh at peak viewing times, the Welsh language and culture would suffer irreparable harm. Since then, there have been numerous other official reports and countless conference resolutions all calling for a Welsh language channel to be estabished as a matter of urgency—and, of course, the direct action campaigns of the Welsh Language Society, resulting in dozens of Welsh men and women going to prison.

Complaints

Within the non-Welsh speaking majority too, there have been constant complaints at the sprinkling of programmes on existing channels which they don't understand. Yet despite this constant social friction, the Government failed to act, pleading poverty.

The ideal solution would be an extra channel for Wales but in the circumstances last week's decision is being welcomed not least as the end of years of debate. There is the nagging doubt that if the Conservatives are returned to office in the autumn, the whole issue will be back in the melting-pot, but a further period of indecision is something that nobody wishes to contemplate.

Under the Government's proposals the new Welsh service will occupy peak viewing times on the fourth channel, for initially 20 hours a week starting in the autumn 1982. It will be supervised by a new body, the Welsh Language Television Council, and be programmed jointly by BBC and HTV. It will be bound to make use of a certain amount of dubbed material, but both programme suppliers are anxious to produce as much original material as they possibly can within the budgetary limits.

Finance remains a problem. The White Paper is somewhat vague, though the overall scheme is less ambitious than was proposed three years ago.

It means in particular that there will have to be less drama and light entertainment, the kind of expensively produced fare which is very important if the new service is to attract a good audience in competition with the other channels. But for the time being at least the mood among the broadcasters is that having at long last been given the go-ahead, they are determined to make a success of it.

The new Welsh channel highlights the enormous change which has taken place in the status of the Welsh language in recent years. Less than 10 years ago, a casual visitor to Wales—certainly South Wales—would have hardly been aware the country has its own language which is the day-to-day tongue of well over 500,000 of its inhabitants. Welsh was kept very much "under the hatches," confined for the most part to the hearth, the chapel and the Eisteddfod.

Today, anyone crossing the Severn bridge is immediately greeted by bilingual road signs that are gradually springing up all over Wales. Booking into his hotel, he is likely to hear the Welsh language radio service steadily expanding on the VHF network, and perhaps even be handed a bilingual menu at dinner.

Most Government departments, local authorities, nationalised industries and official bodies in Wales all now operate some kind of bilingual policy; though the degree of implementation varies greatly from one organisation to another. Only Gwynedd County Council operates a completely bilingual policy in its administration.

In the private sector banks have been in the forefront of a noticeable trend towards giving the Welsh language greater recognition. Most issue bilingual cheque books, publish information literature in Welsh as well as English, and have long operated a policy of appointing Welsh-speaking managers in Welsh-speaking areas.

More recently, Welsh has started to appear side-by-side with English in displays in an increasing number of retail outlets. This is a small but important gesture of psychological support in preventing the spread of what has been described as Wenglish — the use of English words when perfectly good, or even better, Welsh words exist.

Understandably, the number of enterprises which actually conduct all their internal business through the medium of Welsh are rare, though they do exist. One is Urdd Gobaith Cymru, the Welsh League of Youth, whose various activities are responsible for a turnover of over £500,000 a year. Another is the successful Welsh record company, Sain.

To the outsider it may seem paradoxical that this greatly increased recognition should have come when the language looks to be dying. Whereas a century ago, the vast majority of Wales was Welsh speaking, between 1961 and 1971 the proportion of Welsh speakers slumped from 26 per cent to little more than 20 per cent of the population and few doubt that the next census will show a further drop.

But it is just because its survival is in doubt that Welsh speaker and non-Welsh speaker alike have woken up to the realisation that the very foundation stone of "Welshness" is in danger and that its demise will be an immeasurable loss to all.

The demand for a Welsh language broadcasting channel and bilingual signs are just part of the response to the crisis—a recognition that the language cannot hope to prosper in a predominantly English only environment. Another aspect is a tremendous upsurge in the learning of Welsh. It has developed into a veritable industry in Wales, with even businesses sending volunteers on the variety of well thought out intensive courses which have now been developed. There is also a burgeoning demand among English-speaking parents for Welsh medium nursery, primary and secondary education—often presenting a severe strain on the already-stretched education budgets of local authorities—and a very brisk trade in and increased support for Welsh books, records, and community newspapers.

Pressure

Obviously, all this pressure in favour of the language has not passed without any kind of backlash.

But whereas the old cry was that an upbringing in Welsh would hold children back in life, now proponents of Welsh medium education are sometimes accused of elitism. Obviously there are sensitive areas, notably Welsh language qualifications for jobs, but all the evidence suggests that the vast majority of people in Wales are behind efforts to foster the language.

What has been lacking—and in many ways still is—is a comprehensive framework. Two months ago the Welsh language Council, in its final report, called for the Government to support the aim of eventually creating a fully bilingual Wales.

Pointing out that membership of the European Community makes the English monolingual tradition somewhat outdated, it urged a whole battery of Government-backed measures aimed eventually at giving Welsh the same place in Welsh society as is now enjoyed by English. They included the Welsh television channel, financial assistance to local authorities towards the additional costs of implementing bilingual education, and a permanent body to support and promote the increased use of language, and dispel myths about the dangers of bilingualism.

The cost is put at £18m at current prices. The Government has made a start with the fourth channel, but the signs are that most of the recommendations will be left until the devolution referendum is out of the way.

This is just the kind of issue for debate in an all-Wales elected body—of practically nil interest to the rest of Britain—and it will clearly be one of the first items on the agenda should the assembly come into being.

Robin Reeves

Management

Why a French motor giant is planting sugar cane

By DAVID CURRY IN PARIS

THE SILK-COTTON tree looks monumental. Its fleshy trunk pushes vertically into a sky of piled-high clouds while near its base it fans out into a series of buttresses anchoring it to the ground.

But the impression is misleading; the tree is virtually rootless, and a nudge from a Japanese or American bulldozer sends it crashing down.

At Borotou-Koro hundreds of trees and bushes have been bulldozed into heaps and left to dry for burning. The land has been cleared and sugar cane is spreading a dense pampas of green between the irrigation pipes.

Borotou-Koro is one of six sites in the Ivory Coast being developed for sugar plantation and processing. It is a vast construction site. The clearing of the forest, planting, building of houses, power installations, processing plant and irrigation equipment employs 2,000 people and the finished 15,000 hectare complex could well support a population of more than 10,000 in a part of the country from which disease had driven away all but a handful.

A lot of the concerns working on the project are old hands like Babcock-Fives-Cail which is building the processing factory. But for one concern, Adra, the operation has a special significance. It is its first project.

Adra is the project manager for the turnkey factory, land preparation and irrigation; construction of the farms around which the complex is organised, the electrification of the site and industrial complex. It is responsible directly or via sub-contractors, for some Frs 400m (£47.1m) of work and supervises some Frs 800m (£94.2m) of investment.

Adra represents the first move of Renault, the Frs 50bn (£5.9bn) a year French motor giant, into the agro-food business. It is 50 per cent Renault-owned, with the remainder held by the state institution Credit Agricole, SCET which is an offshoot of the state body the Caisse des Depots, and Gersar, a regional development body with particular expertise in irrigation.

The company has already won a second contract worth Frs 63.7m (£7.5m) to take charge of the conversion of 1,800 hectares of land near the Upper Volta frontier to produce tomato concentrate and fruit.

The move into the agro-food business is part of Renault's policy of seeking new applications for its traditional engineering skill in the motor industry. Although the group's reputation rests on cars, a considerable chunk of the business does not run on four wheels. This industrial division, which embraces most of what is neither cars nor commercial vehicles, and accounts for about 11 per cent of Renault's sales, is run by the 54-year-old Rene Meesemaecker, an engineer in his 21st year with the group.

Rene Meesemaecker: not happy with the word "diversification."

One of his earlier jobs, without the faintest contamination of accountancy qualifications, was director of accounts and the budget. Then, 12 years ago, he created the central co-ordinating machinery to pull together the non-motor business.

Two years ago, when the Renault command structure was changed, Meesemaecker became the formal head of Renault Entreprises Industrielles.

Like his boss Bernard Vernier-Paillez, Meesemaecker is a bulky, reflective, deliberately-spoken man. He is not happy with the word "diversification." He complains: "It implies a political will to diversify. Renault has always been diversified. We are not seeking to quit our traditional vocation (vocation is a favourite French word) but to consolidate what we have already done."

He distinguishes between two sorts of activity. The first are those like special steels, bearings, foundry products and industrial rubber, which grew out of the motor business and where the effort is being put into broadening the clientele.

The second activity covers new products which did not grow directly out of the motor business. Meesemaecker puts agricultural machinery (turnover Frs 1bn (£117.6m) a year and 18 per cent of the home market) which grew out of World War I military equipment work into this category, together with the machine tool business.

In fact, the distinction is not a very clear one. Until the 1960s the machine tool operation was geared to producing standard machines needed for the basic motor production business, but the break into external markets has been deep enough to permit the Renault machine tool division with its clutch of seven autonomously managed subsidiaries to register Frs 365m (£43m) in turnover and move into the top spot in France.

The category which really interests Meesemaecker is that of "grey matter." By this he means putting the group's engineering skills to work in consultancy. The first stage was to undertake engineering work outside the group and gradually to extend to product management in fields well outside the motor business — like sugar production.

The freight and transport subsidiary, trying to apply its skill in shipping cars to more general questions of international transport, and the broadening of an inherited railway rolling stock business (from Saviem) into the manufacture of international containers are other Meesemaecker examples of the application of traditional skills to new fields.

RENAULT'S INDUSTRIAL DIVISION

(Frs.m)

COMPANY	ACTIVITY	1977 TURNOVER	WORKFORCE
Division Materiel Agricole (DMA)	Agricultural tractors	1,150	2,900
SAFE Ste des Aciers sins de l'Est	Special carbon and alloyed steels	885	3,425
Ste Nouvelle des Roulements	Bearings	640	4,200
Renault Machines Outils +7 subsidiaries	Machine tools	365	2,200
SNAV Ste Nouvelle des Atteliers de Venissieux	Containers, rail transport equipment	210	1,150
SMI Ste de Mechanique d'Irigny	Parts and mechanical sub-assembly	130	880
MICMO Manufacture Industrielle de cycles et motorcycles	Cycles and motorcycles	106	575
MT Métaltemple	Small parts in special steels	105	700
CAT Cie d'Affrètement et de Transport	Transport	730	700
CPIO Cie des produits industrielles de l'Oust	Industrial rubber and plastics	280	1,940
SBFM Ste Bretonne de Fronderie et de Méchanique	Cast metal parts	230	1,400
Division Renault Moteurs	Car engines and components	186	500
Bernard Moteurs	Industrial motors	282	2,000
Renault Marine Couach	Inboard marine motors	61	220
Renault Entreprise	Contracting	193	90
SERI	Engineering	92	515

These activities, together with industrial motors, cycles and motor-cycles, gives the Enterprise division sales of some Frs 5bn (£0.6m) a year.

Meesemaecker's aims are realistically modest; he is presiding over a series of activities which have suffered badly in the recession and which represent sectors where France has had a long-standing structural weakness. His disaster areas, in ascending order of calamity over the past few years, have been bearings, special steels and, in a category all by itself, machine tools.

The bearings company, which has a special production line for aerospace components, slipped into the red in 1976 but balanced its books in 1977. The special steels company, with a strong reputation in hot and cold forging techniques, also broke even in 1977.

But there is no such consolation for machine tools. Meesemaecker states simply that the loss was very bad. The French No. 2 Ernault Somua, with some FFr 13m (£1.53m) lower turnover, lost FFr 34m (£4m) partly because of the weight of its 3,000-strong workforce. The Forest group, with FFr 290m (£34m) in sales and 2,300 workers, finished up with a FFr 21m (£2.5m) deficit.

"There is a relatively narrow market sector for machines for the group and investment here is spasmodic because it obviously depends on the motor development programme," Meesemaecker explains. "We have had a good run of orders from Eastern Europe but these are petering out somewhat and they pose the problem of barter deals. We need to get into a more open market less dependent on long production runs.

"But remember that machine tools have never been a big money-spinner. The world market is depressed; investment has been chopped and companies remaining in business face furious competition."

He is impatient of talk about restructuring. The industry has always been small-scale and "they" (by which he means the civil servants in the Industry Ministry who tend to regard Renault as a suitable foster parent for any industrial waif) ought to realise that none of Renault's operating companies in machine tools employs more than 400 people.

"In this field we are a pawn of economic circumstances like everyone else and in no position to become a focus for industry-wide restructuring."

Coaxing his operations towards profitability—they made no contribution to profit in 1977—is Meesemaecker's priority. But what about dis-investment?

"It could be," he muses cautiously, "that we could disengage from certain sectors if we think the future could be better assured in a different context."

In fact Renault recently quit the currently voguish sector for solar energy. "We would have had to make disproportionate investments which would have yielded a poor level of industrial activity," explains Meesemaecker.

And expansion into new fields? "Diversification is expensive and at group level we have to choose where to put our money. I can't see our being ready for a new phase until the 1980s, and then it would be in things in which we have competence."

Rehabilitating the bankrupt

AN ALL TOO illuminating example of the discouraging climate for British entrepreneurs came to light this week, with the Department of Trade's latest annual report on bankruptcy.

"Ignominious" and "notoriety" were just two of the pejorative words used by the media to describe the long list of bankruptcies last year, in which construction again headed the industry league table, and where Brighton registered 27 more receiving orders than the second town on the list, Croydon.

Policymakers at all levels of government and business have at last come to recognise the crucial contribution which small businesses make to the strength and flexibility of even the most advanced capitalist economy. It is also being realised that if new wealth and jobs are to be created, especially in the newer technologies, more businessmen will have to be prepared to take risks.

Need one really say more? Taking risks, by its very definition, implies a strong chance of failure, which for many a small businessman can mean bankruptcy. So is it not time to rehabilitate the bankrupt, and to recognise that the experiences he has gone through may be invaluable to future success?

Of course, one has to be careful. There are obviously many bankrupts who are born losers, thanks to their inability to keep a continual grasp on all aspects of their business. Many of the truly "notorious" failures in the construction industry probably fall into this category, as may many in the retailing, cafe and garage businesses.

All these require relatively few financial or commercial skills to set up, unlike manufacturing. For this reason alone, last year's 128 manufacturing bankrupts should not be discouraged from trying again.

An over-simplification, to be sure, but at least let us accept the logical consequences of the fashion for the small businessman who is ready to take risks. Best of all would be to take a leaf out of the North American book, and tell the bankrupt, "Never mind. Better luck next time!"

C.L.

Contingency planning and the computer

EVEN SOME of Britain's largest companies "have very little in the way of management information systems, let alone ways of evaluating the likely effect on their business and finances of mergers, competitors' new product launches, or changes in the rate of inflation."

This emphatic and damning claim is made by Mr. Tony Charlton, head of business planning for Unilever Computer Services (UCSL), which has just started offering clients a new time-saving, computerised planning system called "Strategy."

Over half the Unilever subsidiary's £11m revenue this year will come from customers outside the group, so the launch of what is claimed to be a uniquely versatile and easy-to-use system will be seen as a major challenge by the established suppliers of computerised planning systems, including IBM, ICL and Honeywell.

UCSL is naturally stressing the advantage of its connection with a parent whose sophisticated business planning techniques are well-known.

But Mr. Charlton says that Strategy is aimed not only at large companies. Small firms, too, should be attracted, both by the processing power of UCSL's large computer, and by his claim that "you can enter any demand to the system at any time" which makes it extremely flexible.

The main purpose of Strategy is to enable companies rapidly to evaluate alternative courses of action on an extremely wide range of issues.

As well as forward planning, the system can match current performance against target, for example on cash flow.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICES

Support groups expand

UNILEVER Computer Services, which has already made bureau history with its move away from IBM main machines and adoption of three large Itel units as replacements, has announced new management structures which are intended to support its long-range plans.

Not the least of these is to grow at about double the rate for the services industry as a whole or, in figures, 30 per cent compounded up to 1981 against a forecast of 15.7 per cent as the industry average.

With a turnover in the 1977 financial year of £8½m and profit of £1m, the company has been growing at about 30 per cent since its inception in 1970. In the current financial exercise, turnover should be around the £11m mark making the company a close second to BOC Datasolve, leader of the bureaux operating outside nationalised industries.

Growing even faster than the rate aimed at by UCSL is Business Intelligence Services Group with 41 per cent rise on turnover to £3.8m in the year to end-February, coupled with a 35 per cent rise in pre-tax profits to £479,000.

Operating in the support, training, software package, marketing research and advanced consultancy areas, this company has consistently shown very high profit margin and return on capital employed figures. It sees one area for further considerable growth in support for the larger banks who, despite their expertise in very large systems and networks, are finding the task of keeping these giant structures in working order to meet changing circumstances one which absorbs most of the computing manpower they have.

This is one of the reasons for the success of the BIS Software Midas foreign currency accounting system for banks, which has now taken a market lead in terms of systems ordered or installed.

The company is involved in development work to develop a new access unit for the SWIFT international bank transfer network, built around Series 1 from IBM.

UCSL on 01-903 1414. BIS on 01-633 0866.

● POWER

Superconductor problem solved

AT TEMPERATURES near absolute zero (minus 273 degrees C) certain alloys lose all resistance to the passage of an electrical current. They become superconducting.

Many laboratories in advanced countries have spent a great deal of effort on harnessing this significant property in the design of motors and generators, as well as of high capacity power lines.

But the most interesting alloys all appear to have the same characteristic of high brittleness which makes fabrication an intricate and difficult task.

Work at the leading IBM research centre at Yorktown, carried out by Dr. Change C. Tsuei, and aimed at finding a way round these difficulties, has been successful.

He found that if the alloys are formed as glassy films on a backing material such as a strip of copper or tantalum they become easier to handle. While their amorphous form then makes them poor superconductors, they can be restored to the desired crystalline form by annealing at temperatures between 500 and 700 degrees C.

In this way, the alloys can be formed into any desired shape, even though in the crystalline condition, they are virtually unformable.

Much of the work has concentrated on a niobium-germanium compound, the most promising material for use in magnets at the moment since it remains superconducting in field of up to 400,000 Gauss, or 20 times better than can be obtained with iron-core magnets of the same physical dimensions. It also becomes superconducting at a temperature of 23 degrees absolute, the highest transition temperature so far found, giving designers more leeway than with other materials in the layout of cooling systems.

The material has the highest known current-carrying capacity which is close on 10m amps per square centimetre. But it is almost impossible to fabricate conventionally because apart from breaking easily it also tends to crystallise in forms which do not have the desired properties.

Deposition on metal strip in the amorphous state is the answer.

Other desirable material to which the process could be applied include a compound of molybdenum, lead and sulphur. This compound and related materials may be able to sustain fields of 600,000 Gauss and more, leading to 400,000 Gauss magnets. This compares with, say, 100,000 Gauss for present models of superconducting units and about 20,000 for conventional iron-core designs.

Currently, the most widely used material for superconducting devices is niobium-titanium. It is reasonably ductile and can be formed into wires and coils, but it is limited to the 100,000 Gauss field.

Niobium-tin is one of the brittle family and its use has only been made possible through the development of a lengthy and complex procedure known as the bronze process.

It is some 15 years since the discovery of superconducting materials and progress so far has been relatively slow, though Britain's IRD centre in Newcastle has reached world leadership in one area of development.

Meanwhile, the U.S. has indisputably the lead in superconducting power line work, an area which the CEGB has apparently abandoned.

Further details of Dr. Tsuei's work from IBM, Yorktown Heights, New York 10598, U.S.

● DATA PROCESSING

Microfiche made easily

PORTABLE microfiche camera equipment of Swiss design permits the reproduction of documents even in a card index-file. The Mercure is so simple that anyone can operate it successfully and be assured of obtaining perfect results.

A conversion kit permits it to adapt to all known systems, 35 mm, 16 mm standard formats, jackets etc.

Film sensitivity is 3 to 64 ASA and three interchangeable lenses are used, according to document or subject size. Subject distance and lens opening are preset by the positioning of the lens.

Image size is 10 by 12.5 mm (American standard) or 11.75 by 16.5 mm (European standard) so that a 36 exposure cartridge contains 100 to 125 frames.

Document size is from 74 by 105 mm (DIN A7) to 210 by 297 mm (DIN A4).

The equipment has many areas of use. For instance in teaching hospitals and universities it speeds retrieval of source material for lectures and research jobs as well as providing the key to information banks of medical data.

Reproduction of diagrams and schematics for oil and other exploration company use is another area, as is the control of the flow of books in libraries.

Makers and sellers of expensive items such as jewellery can use the system's excellent colour reproduction to set up work samples, easy to display and offering total security. Electronic equipment companies can use the facilities to provide maintenance instructions and updates.

The equipment has a cool light source that will not fade or dry out the subject material. Thus, in photographing an old book, for instance, there is no danger to the text. Furthermore, the equipment will cope without opening the book completely, reducing the risk of splitting ancient bindings.

An optional microfiche camera allows users to take outdoor scenes or copy transparencies on to a slide duplicating unit, of importance when the medium is being used for audio-visual applications.

The Alpa Mercure satellite microfilm equipment is made by Alpa Pignons and distributed in Britain by Wren Audio Visual, 30 The Spinney, Beaconsfield, Bucks HP9 1SB. 04946 5202.

● HANDLING

More room for cars

A COMPANY in Israel, Merkavim of Tel Aviv, has developed a simple lifting unit which it claims can double the capacity of most car parks, indoors and out.

Trade named Space-Maker, the unit is basically a one-piece platform and hydraulic lifting mechanism which can be installed wherever there is a level floor and at least 3.53 metres (just under 12 ft) of headroom.

As soon as the car has been driven on to the platform, the hydraulic unit raises it about 1.8 metres where it is firmly locked into position. A second car can then be driven into the ground level parking space.

Lifting capacity is seven tonnes, at least three times the weight of passenger cars and the lift deck has no holes through which oil or dirt can drop to the car beneath. Up to 25 of the devices can be run from a single hydraulic unit. More from PO Box S25, Tel Aviv, Israel.

● COMPONENTS

Heat sensor costs less

PLATFILM division of Rosemount Engineering Company has a new design of platinum resistance thermometer element that offers cost reductions in the assembly time and in the raw materials required.

The traditional ceramic terminal block is replaced by a virtually indestructible injection moulded, glass-filled nylon block which will not break with robust handling or be subject to hairline cracks that can create tracking paths on a ceramic block.

A spring clip, which secures the stainless steel sheath in the plastic moulding, eliminates the need for the steel flange which, for a ceramic block, is welded to the top of the sheath to provide an anchorage.

New terminal arrangements allow the lead-out wires of the sensing element to be soldered or welded, according to the application, to the terminal tags.

Two models cover respectively —50 to 250 degrees C and —50 to 500 degrees. The terminal heads of both can operate at 150 degrees continuous.

Rosemount Engineering, Durban Road, Bognor Regis, Sussex PO22 9QX. 02433 3121.

Powerful reed switch

INTRODUCED by Erg Components is a reed relay which, although it measures only 25 x 8 mm and weighs three grammes can switch up to 20 watts, AC or DC, using a coil power of 70 mW.

The relays, available in 10 or 20 W versions, are vacuum encapsulated in epoxy resin with glass-loaded shells and headers, giving reliable protection even in unfavourable environments. They have connection pins on a standard 0.1 in pitch for printed board mounting. Operation at up to 1,000 times a second is possible.

Internal magnetic screens minimise interaction from adjacent relays to only 10 per cent of the minimum operating voltage when a relay is mounted between two similar units with 0.1 inch spacing.

Known as the PM21, the device is available with coil voltages of 5, 12 and 24 volts; satisfactory operation is obtained with a ten per cent variation. The contacts are single-pole, single-throw.

More from the company at Luton Road, Dunstable, Bedfordshire LU5 4LJ (0582 62241).

● PROCESSING

High purity crystals

ADDITION of two new controllers to the various types of crystal growing equipment made by Metals Research will allow users to make very large single crystals of high purity and constant diameter on a continuous production base.

One is a crystal shape controller and the other a diameter controller.

Designed by Metals Research for use with any of the Malvern series of crystal pullers, these units also fit many other types of high-pressure, high vacuum growers. They are equally adaptable for atmospheric and low-pressure systems. They may therefore be used for a wide variety of materials, including semi-conductor materials.

Automatic shape control is designed to control the growth of crystals of those materials which do not require encapsulation to prevent decomposition at elevated temperatures. In contrast, the Malvern diameter control is specifically designed for semiconductor materials such as gallium phosphide and indium phosphide which need encapsulation to prevent decomposition at elevated temperatures — and which also expand significantly on freezing.

Both systems incorporate a load suspension spring, monitoring the total crystal weight and located within a weighing head assembly secured to the top of the pull rod. In addition, both use a precise linear potentiometer which monitors the length of crystal grown.

Shape control logic converts the potentiometer movement and the extension of the load suspension spring into electrical signals which are together compared by the control unit with the programmed crystal shape. Any deviations are automatically compensated for.

Diameter control, on the other hand, has no automatic feedback system and merely records the crystal weight and length. With this system, the crystal is grown through an orifice in a "coracle" floating on the surface of the melt beneath the encapsulant.

Crystal shape is more consistent, leading to reduced cutting losses and other wastage, with a consequent improvement in yields. Crystal quality is improved and operator costs are reduced producing an overall improvement in cost effectiveness.

Metals Research, Melbourn, Royston, Herts SG8 6EJ. 0763 60611.

● INSTRUMENTS

Electronic temperature gauge

THREE further models of a hand held electronic thermometer have been introduced by Jenway, all with a resolution of 0.1 deg. C up to 179 deg. C and one degree beyond that.

The 8501 is designed for use with nickel-chromium/nickel aluminium thermocouples and has a range of minus 50 to plus 999 deg. C; the 8525 is for iron/constantan couples and can cover minus 50 to plus 700 deg. C; the third unit, model 8580 is calibrated directly in millivolts.

Readings appear on a seven segment LED display with a character height of 10.2 mm. The built in automatic cold junction compensation is accurate to 0.05 deg. per deg. C, with a cold junction range of minus 5 deg. C to plus 45 deg. C.

With the use of up-to-date integrated circuits the power consumption has been kept down to the point that standard HP7 dry batteries will give 12 hours continuous use. Other cells, and mains operation, are optional.

More from the company at 26, Broomhills Industrial Estate, Braintree, Essex (0376 26266).

Simpler interfacing

FOR ANYONE using modems and terminals, "Interfaker" will imitate the necessary interface so that plug-to-plug compatible equipment can be immediately connected in by a user.

On delivery of such compatible equipment, it is often found that sockets are actually wired in a different way to that expected. The new device can be quickly plugged between the units to monitor the status of up to 18 interface circuits at a time, diagnose any variation and imitate the necessary interface to allow continuous transmission.

Each signal can be broken by means of small switches and then re-connected to other pins with patch cables. In this way, faults can be diagnosed and new interface cables developed before any soldering of new plugs and sockets need be done. An integral flexible cable and D-type plug connects to modems or computers; terminals plug into a D-type socket. The unit is low in weight and portable and meets or exceeds relevant Post Office and PTT standards.

Modular Technology, PO Box 117; Watford, Herts, WD1 4PD (01-421 0626).

Mohawk for UCC users

A PREFERRED terminal series has been selected for users of the UCC computer network in Europe. The move is being made in conjunction with AC-Service, UCC's associate bureau in Austria, Belgium, Germany and Switzerland.

Mohawk Data Services Series 21 with its three models have been chosen for their upward compatibility and price and will replace the Cope and 1004 terminals which are no longer commercially produced.

At the same time, the Mohawk machines will meet the growing need for equipment that will fit in with the trend for users to set up their own distributed processing sub-networks, linked to UCC's powerful system for large-scale runs.

UCC will provide full maintenance support for the Mohawks as well as for the modems and lines linking them to its services. This eliminates user headaches where a problem occurs.

UCC (Great Britain), 344 Euston Road, London NW1 3BJ. 01-382 9661.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● SAFETY

Ventilation and heating in caravans

REALISATION of the heating and ventilation problems that can arise in the modern and much larger caravans, often used as mobile homes, has led to the production of a new British Standard.

It will be known as BS5601 Code of Practice for the Ventilation and Heating of Caravans and the first part, dealing with ventilation, has now been published. Health and safety are the major considerations.

Later this year two more sections will be published and will cover installation of solid fuel and oil-fired heating appliances.

There is already a code of practice for domestic propane and butane gas burning installations in caravans and this together with BS 5601 will provide guidance for designers, manufacturers and installers of all types of fuelled appliances currently used in caravans.

LOMBARD

A federal view for the UK

BY ANTHONY MORETON

WITH THE devolution Bills for Scotland and Wales now out of the way all that remains is for the votes to be counted when the refedendums are h.ld. When that will be is in the lap of the gods. The Government had hoped, at the beginning of its long march towards local autonomy, that it could have held its head count in the autumn and then, all being well, got down to the essential business of electing an assembly or assemblies next spring.

The high probability of an autumn general election and the clauses written into the Bills, against Whitehall's wishes, that no referendum shall be held within three months of a general election make it most likely that referendums will not come about until the new registers are in force in the second half of next February.

The credits

There is a group of people—bored with the whole proceedings and containing a large number of MPs who have had to troop through the division lobbies innumerable times on, to them, arcane points—who hope the whole matter will now quietly fade away. An autumn election will surely disappoint them because all parties in Scotland and Wales will keep the issue alive. There is one other reason for thinking it will not be quietly put into a corner or pigeon-holed. That is the considerable thought which has been given to the subject by Mr. Francis Pym, the Opposition spokesman on devolution.

While many reputations have suffered as the devolution Bills ground inexorably on to their appointed end, at least two people have come out of the debate with credit: Mr. John Smith, the junior Minister who has had the main responsibility, as Mr. Michael Foot's number two, of piloting the Bills through the Commons; and Mr. Pym. For Mr. Pym the task has been harder. He has had to react rather than initiate and he has had to react without the benefit of the official machinery. His enhanced reputation has come from the way in which he has reacted, a way often strange among Conservative politicians. He has discussed principles.

A common complaint about politicians is that they change their minds too often, as though it were a sin to adapt to changing circumstances. The late Mr. Richard Crossman frequently suffered from such accusations, since he was a man capable of reconsidering almost anything. His opponents called this vacillation. Another to suffer in the same way was Mr. Anthony Crosland. Even Mr. John Davies, the present Shadow spokesman on foreign affairs had a taste of the treatment recently when he caused no little disappointment among some Tories after his return from a fact-finding tour to Rhodesia.

Mr. Pym, who started as an implacable opponent of devolution, has spent a lot of time in recent months considering the principles of devolution. In a series of major speeches in St. Andrews and Edinburgh universities and to Young Conservatives in Manchester—little enough noticed—he has quietly shifted his ground and, in so doing, the Tory party, away from downright opposition. I suspect the majority of the party, let alone the wider world, does not quite realise what has happened.

Examples

The most recent of these speeches, in Manchester, discussed federalism. There is nothing particularly new about federalism in the UK since Northern Ireland practised it for over 50 years until Stormont was stood down. And within the Commonwealth there are plenty of examples: most of the old dominions are federal states as well as many of the newer.

Mr. Pym's contribution is that he is no longer concerned with sterile questions of what should have happened so much as how best to incorporate federalism within the UK should Scotland or Wales vote for their own assembly. He accepts that such a result may happen; if it does, what will it do to the UK and how should Westminster react?

A federal system ought, he believes, to embrace principles which would enhance the sovereignty of parliament rather than undermine it. To do this, the powers of an assembly or assemblies must be internally coherent, so that the division of powers between Westminster and Edinburgh or Cardiff are clear and precise.

If such a situation comes to pass Mr. Pym allows himself thought that this might even be a considerable improvement on the present system of government. Some Conservatives would say this is a dangerous extension of the thought process; but Mr. Pym has had the courage to put forward views that are worth thinking about and if the devolution Bills have done nothing else that, at least, is to the good.

Pulling out of choppy waters

THREE THIRTY AM: in dense, pre-dawn darkness, the 120-ft long tug Brackengarth slips its mooring in Liverpool's eastern docks, nearly 4,000 horsepower moving it lazily towards the sea-lock giving access to the Mersey. An hour away, just entering the 16-mile sea lane into Merseyside, Hapag-Lloyd line's 28,000-ton containership Cordillera Express is churning towards a rendezvous with Brackengarth and the two sister-tugs which will push, pull and nudge her through the sea-lock into her berth . . .

Tugs and towing have been an essential part of the Mersey scene since far back into the days of sail. The big harbour tugs such as Brackengarth, its strength measured in terms of the 50-ton pull it can exert against a fixed bollard, might be a far cry from the rowing boats which berthed Liverpool's slave-traders of the 18th century; and 200,000 tons of inert supertanker—the biggest Liverpool can accommodate—might be a far bigger problem than 200 tons of windjammer; but the function remains the same.

Nevertheless, the past 15 years in particular have brought change to the harbour towing industry, in Liverpool no less than in other traditional ports where dock labour dug in its heels against new cargo handling methods only to see trade move to the smaller, more innovative ports. The 1970s especially have seen cargo tonnage handled by Liverpool fall steadily, from 30.5m tons in 1971 to 18.5m tons last year. The tankers which once accounted for 50 per cent of the towing trade are larger, and fewer, and many now offload their crude at Shell's off-shore Anglesey Terminal, 60 miles away.

The cumulative result is that Mersey's towing industry has shrunk. In 1963 five towage companies were operating, with a total of 64 tugs. Today there are only two companies, Alexandra Towing and Rea Towing, with 25 tugs between them. . . .

FOUR-FIFTEEN AM: for half-an-hour, Brackengarth has been bucking against its temporary sea-wall mooring, awaiting its charge. Dawn is breaking: wet and cold. Captain Billy Ellis and his crew of five swap small-talk over mugs of tea; this will be the last of the average three jobs per 24-hour shift. Twenty-four hours on, 24 off—and alternate duty weekends—is now the norm: a great improvement on a few years back, when three days at a stretch was not unusual and did not exactly work wonders for home life . . .

Mersey towing has been a closely-knit business for generations: the Transport and General Workers Union card a practical family heirloom. "We take them on straight out of school at 16. Most of them have grown up with the job anyway. It's still very much a father-to-son job and we want it to stay that way," asserts Captain W. M. Fleming, Rea Towing's managing director, who started as a midshipman with the Blue Funnel line 40 years ago.

Captain Fleming believes that, on the Mersey, towing's shake-out is just about complete. Perhaps, when replacements for the company's older tugs—they last for over 20 years—arrive in 1981, Rea's fleet might come down to eight; but that is seen as the lower limit.

Captain R. J. B. Braithwaite, marine superintendent of Alexandra, believes that there is at least the possibility of more shrinkage to come.

Billy Ellis's own experience as a tugman, spanning 35 years, has not dissuaded him from encouraging his two sons to follow in his footsteps, and both are now crewmen. Few of the tugmen hanker after an alternative. They are proud of their skills—the intricate, potentially dangerous manoeuvring of tug and charge is still very much a seat-of-the-pants operation—and they are fairly well paid. A crewman is unlikely to make less than £5,500, a captain half as much again.

FOUR-THIRTY AM: The Cordillera Express is at last bearing down out of the western approaches. Brackengarth's engine rumbles into life and inside a minute all three tugs are heading towards the slowing containership . . .

Considering the decline in shipping volume that has taken place, the two Mersey companies have managed to survive fairly well, picking up a bigger share of smaller overall business as their rivals died or were taken over. In 1965, close to the industry's peak, Rea Towing's records show the company completed 7,137 tug jobs, handling 2,772 ships.

This year, the company expects to undertake 5,735 tug jobs—a drop of 22 per cent. The Companies' profitability is reasonable. With one-sixth of the total number of vessels in the parent Cory Ship Towage company—itself a part of the diverse Ocean Transport and Trading group—Rea Towing accounts for a third of Cory's profits.

Alexandra has, however, replaced six tugs at a cost of about £1m each.

The two replacement tugs planned for 1981, at a cost of some £1¾m each, will be something of a financial burden—"the trouble with tugs is that they consist of all the expensive parts of a ship but none of the cheap bits," says Mr. Rod Napier, managing director of Cory Ship Towage. However, on-shore overheads are kept low.

Charges have risen in recent years, but competition between the two companies for scarce new business is one curbing factor; the other is the relative ease with which shipping lines can decide to go to other ports. Mainly, however, the two companies' business is on long-term contract and there is an easy *modus vivendi*. "Neither of us goes poaching," insists Fleming.

Current rates mean that the Cordillera Express's owners pay some £370 for her to be towed in from half-a-mile offshore, through the lock to her berth—plus £10 for use of each of the three tugs' hawsers . . . .

FOUR-FIFTY AM: like a duck sidling up to a hippo, Brackengarth edges warily into the shadow of the containership's bows. Billy Ellis manipulates the absurd little three-inch joystick which has replaced the steering wheel, bringing the tug close enough for ropes to be thrown, but clear of the bulbous lower bow which lurks—a metal iceberg—below water level. This is the most hazardous phase of towing; not a severe problem in today's fresh winds, but a real trial in harsher weather. After two attempts, the line is made fast. A similar operation secures the stern, the third, smaller tug, holding a watching brief amidships. The Cordillera Express is in tow . . .

An avowed optimist, Fleming suggests that Liverpool port is near the bottom of the trough in its fortunes and may see an upturn at the start of the 1980s. His view is based partly "on nerve-ends," but also on the company's five-year forecasts which themselves depend on the projections of their own major customers, such as the 10-year outline programmes planned by Shell. Rea's current five-year forecast envisages an annual tug jobs rate of just over 5,600 up to 1982. It is a projection in which the Mersey Dock and Harbour company, struggling to achieve a third straight year of profit after a run of deficits, might find a small crumb of comfort.

JOHN GRIFFITHS

AROUND BRITAIN

MERSEY TUGS

Ring Lady and Calf of Man may bring change of luck

RACING

BY DOMINIC WIGAN

MR. ROBERT SANGSTER and his partners who had the misfortune to lose two of their recent Keenland purchases when yearlings by Damascus and Raise A Native, which cost $750,000, died in transit from Cincinatti, could have a change of fortune today.

At Haydock both Ring Lady and the disappointing Calf of Man look set to oblige in the now internationally recognised emerald, royal blue and white colours of the Vernon's supremo.

Ring Lady looks far the better bet of the pair. The smooth winner of a maiden event at Chester on her debut where she overcame the considerable handicap of a slow break the thatch bay landed well to finish a close third behind the extremely speedy Devon Ditty in Ascot's six-furlong Princess Margaret Stakes 45 minutes before the King George VI and Queen Elizabeth Stakes.

Ring Lady, who might well have bustled up the winner there had she not hung badly through greenness in the closing stages, will appreciate this return to the minimum trip and is likely to have the measure of her rivals from some way out.

Although Calf of Man's enthusiasm was questioned by a number of racegoers when she came home a poor third in the Cranbourn Chase Stakes for which she was a hot favourite to get Willie Shoemaker off the mark on the Berkshire course I feel that she simply met faster animals in Lazy Dynamite and Carey's Choice. Provided that was in fact the case rather than the former theory Calf of Man ought not be hard-pressed to get that elusive bracket in the West Lancashire Maiden Stakes.

NEWMARKET
3.30—I'm Blessed
4.00—Alert
4.30—Milsson***
5.00—Laldheer
5.30—The Gascon
6.00—Careless Princess
6.30—Boltingo

HAYDOCK
2.15—Ring Lady**
3.15—Sandicliffe
3.45—Klaxonette
4.15—Calf of Man*

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Tarzan. †10.35 Belle and Sebastian. 11.00 Golf: The Colgate European LPGA Championship. 1.30 pm Trumpton. 1.45 News. 2.00 Canu'r Plant. 2.30 Golf: Colgate European LPGA Championship. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Take Hart. 5.05 Play Away. 5.35 The Wombles.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
7.00 Tom and Jerry
7.10 Hoe Down
7.40 Young Dan'l Boone
8.30 Sykes
9.00 News
9.25 Petrocelli
10.15 Face the Music (London and South-East only)
10.45 Regional News
†10.46 The Late Film: 'Autumn Leaves' starring Joan Crawford

All Regions as BBC-1 except at the following times:—

Wales—1.30 pm O Dan Y Mor. 5.05 Crystal Tipps and Alistair. 5.10 Teliffant. 5.55 Wales Today. 7.00 Heddiw. 7.30 Tom and Jerry. 8.30 Hoe Down. 10.15 Ar Y Brig. †11.10 The Late Film: 'Autumn Leaves' starring Joan Crawford. 12.45 am News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 10.15 The Beechgrove Garden. 10.45 News for Scotland.

Northern Ireland 4.18 pm Northern Ireland News. 5.55 Scene Around Six. 10.15 Mount Stewart. 10.45 News for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15 East (Norwich) On Camera; Midlands (Birmingham) Have Show, Will Travel; North (Leeds) Direct Line; North East (Newcastle) Friday North); North West (Manchester) Champion Brass: South (Southampton) Conversation: South West (Plymouth) Peninsula; West (Bristol) Jazz in the Bath.

BBC 2

6.40-7.55 am Open University
11.00 Play School
2.30 pm Show Jumping from Hickstead
4.20 Golf: Colgate European LPGA Championship
4.55 Open University
7.00 News on 2 Headlines
7.05 Children's Wardrobe
7.30 News on 2
7.40 Six English Towns
8.10 Magoo on 2
8.15 Master Class
9.00 Jazz from Montreaux
9.25 Horizon
10.15 Don't Forget to Write!
11.05 Golf
11.45 Late News on 2
11.55 Closedown, reading

LONDON

9.30 am History Around You. 9.55 am Plain Sailing. 10.20 Oscar. 10.30 Animated Classics. 11.20 Stationary Ark. 11.45 Felix the Cat. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Look Who's Talking. 1.00 News plus FT Index. 1.20 Platform. 1.30 Family. 2.25 Racing from Redcar. 4.15 Children of the Stones. 4.45 Runaround. 5.15 Cuckoo Waltz. 5.45 News.

6.00 After Noon in Action
6.25 Cartoon Time
6.35 Crossroads
7.00 The Krypton Factor
7.30 Backs to the Land
8.00 Hawaii Five-O
9.00 The Foundation
10.00 News
10.30 M'Lords, Ladies and Gentlemen
11.30 Police 5
11.40 Law Centre
12.40 am Close—a painting by Turner and music by Vaughan Williams

All IBA Regions as London except at the following times

ANGLIA

10.20 am Dynomutt, The Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.25 pm Anglia News. 5.15 Stars On Ice. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Friday Late Film: "Not As A Stranger." 1.00 am Christians In Action.

ATV

10.20 am Friends Of Man. 10.45 The Roger Whittaker Show. 11.10 Conquest Of The Sea. 1.20 pm ATV Newsdesk. 1.30 General Hospital. 5.15 Those Wonderful TV Times. 6.00 ATV Today. 8.00 The Incredible Hulk. 11.30 Quincy.

BORDER

10.20 am Dynomutt, The Dog Wonder. 10.40 Tell Me Why—Peter Hain. 11.05 The Magic Circle. 11.30 Rogue's Rock. 12.30 pm The Story Of Wine. †1.20 Border News. 1.30 Survival. 2.00 Summer After Noon. 5.15 The Partridge Family. 6.00 Lookaround Friday. 8.00 The Incredible Hulk. 11.30 The Law Centre. 12.30 am Border News Summary.

CHANNEL

1.15 pm Channel Lunchtime News and What's On Where. 1.30 Beryl's Lot. 1.55 The Majesty of Henry Moore. 5.15 Friends Of Man. 6.00 Channel News. 6.10 Valley of the Dinosaurs. 7.30 Survival. 8.00 The Incredible Hulk. 10.28 Channel Late News. 10.32 Summer Of '78. 11.00 TV Movie: McCloud. 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.20 The Beachcombers. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm Grampian News Headlines. 1.30 Survival. 2.00 Summer After Noon. 6.00 Grampian Today. 6.10 The Fair Six. 7.30 Bless This House. 8.00 The Incredible Hulk. 11.30 Reflections. 11.35 Grampian Late Night Headlines. 11.40 Law Centre, followed by road report.

GRANADA

[illegible]

HTV

[illegible] 6.00 Report West. 6.15 Report Wales. 6.30 Oh No, It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.30 Music Makes People. 11.00 M'Lords, Ladies and Gentlemen.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.30-11.00 Back In The Pavilion.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Dynomutt The Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.35 Rogue's Rock. 1.25 pm News and Road Report. 1.30 Houseparty. 2.00 Summer After Noon. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Laverne and Shirley. 8.00 The Incredible Hulk. 10.30 Late Call. 10.35 House of Horrors: "The House That Dripped Blood." starring Ingrid Pitt, Peter Cushing and Christopher Lee.

SOUTHERN

10.20 am Adventures in Rainbow Country. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm Southern News. 1.30 Those Wonderful TV Times. 2.00 Women Only. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day. 8.00 The Incredible Hulk. 10.30 Southern News Extra. 10.35 Friday Horror Film: "Crucible Of Terror."

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 10.20 Tarzan. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm North East News and Lookaround. 1.30 Challenge of the Sexes. 2.00 After Noon in Action. 5.15 Gambit. 6.00 Northern Life. 7.30 Oh No, It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.30 The Friday Film: "The House That Dripped Blood." starring Peter Cushing. 12.25 am Epilogue.

ULSTER

10.20 am The Lost Islands. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm Lunchtime. 1.30 The Story of Wine. 2.00 The Electric Theatre Show. 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 8.00 The Incredible Hulk. 11.30 Bedtime.

WESTWARD

10.20 am The Evolution of Life. 10.40 Tell Me Why—Peter Hain. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward [illegible]

YORKSHIRE

[illegible]

RADIO 1

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

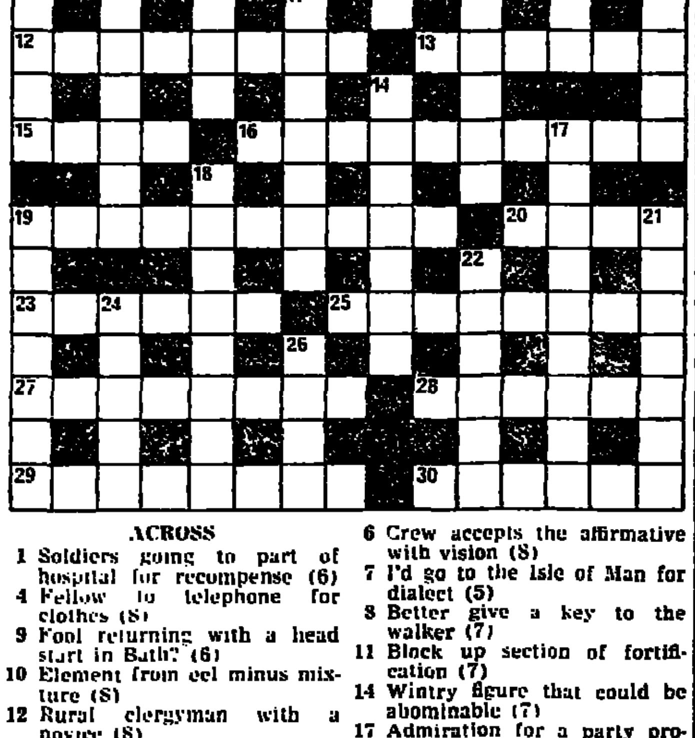
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,736



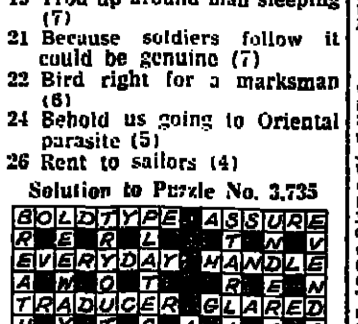
ACROSS

1 Soldiers going to part of hospital for recompense (6)
4 Fellow to telephone for clothes (8)
9 Fool returning with a head start in Bath? (6)
10 Element from eel minus mixture (8)
12 Rural clergyman with a novice (8)
13 Sergeant Major in face is gloomy (6)
15 Receiver left for a nobleman (4)
16 Where to go to be angry and undecided (2,2,3,3)
19 Unseated and depressed (10)
20 Doctor going to ship for plant (4)
23 Become less severe after having made a fresh advance? (6)
25 Insist it could be support (8)
27 One who flatters unusual art aloud (8)
28 Joint left in spice (6)
29 He left the Berkshire town walking (8)
30 Loop in iron border (6)

DOWN

1 Concerning failure to return to a former state (7)
2 Forest's staff should hold things together (4-5)
3 Dedr·· it could be about a boy (6)
5 Portent is nothing to people (4)
6 Crew accepts the affirmative with vision (8)
7 I'd go to the Isle of Man for dialect (5)
8 Better give a key to the walker (7)
11 Block up section of fortification (7)
14 Wintry figure that could be abominable (7)
17 Admiration for a party provision (9)
18 Model has to pose on a thoroughfare (8)
19 Trod up around man sleeping (7)
21 Because soldiers follow it could be genuine (7)
22 Bird right for a marksman (6)
24 Behold us going to Oriental parasite (5)
26 Rent to sailors (4)

Solution to Puzzle No. 3,735



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA (Tonight's perf. cancelled): Tomorrow & Wed. next 7.30 The Magic Flute. Tue. & Thur. next 7.30 La Boheme. 104 Balcony seats available from £1.00 on day of perf. IMPORTANT NOTICE New production of Menotti's The Consul replaces scheduled perfs. of Carmen. For further details ring 01-240 5250. Now Booking for Sept.

GLYNDEBOURNE FESTIVAL OPERA [illegible]

[illegible]

THEATRES

GREENWICH THEATRE. 01-858 7755. WILLIAM DOUGLAS HOME'S Newest play THE EDITOR REGRETS Evenings 8.0. Sats. 5 and 8.

HAYMARKET. 930 9832. Evgs. 8.00. Wed. 2.30. Saturday 4.30 and 8.00 PAUL SCOFIELD HARRY ANDREWS ELEANOR BRON TREVOR PEACOCK and IRENE HANDLE in [illegible]

[illegible]

THEATRES

REGENT. CC. (Oxfd. Circ. Tube). 01-637 9862-3 THE GREAT AMERICAN BACK-STAGE MUSICAL. Eves. 8.30 p.m. Thurs. and Sat. 7 p.m. and 9 p.m.

ROYAL COURT. 730 1745. Air Cond. Evgs. 8. Sat 5 & 8.30 World premiere ECLIPSE by Leigh Jackson with Ann Bell, Peter Bowles, James Cossins, Leonard Fenton and PAUL ROGERS.

ROYALTY. Credit Cards. 01-405 8004. Monday-Thursday Evenings 8.00. Friday [illegible]

[illegible]

CINEMAS

[illegible]

Cinema

Now you has jazz by GEOFF BROWN

Sven Klang's Combo (AA) Scala
The One and Only (A) Plaza
Anthony Mann Season National Film Theatre
The Last Wave (AA) Cinecenta, Studio Oxford Street, Screen

Last week, Martin Scorcese showed us The Band in *The Last Waltz*; this week the Swedish director Stellan Olsson shows us *Sven Klang's Combo*. Never heard of them? That's not surprising, for they're a fictitious group who flourished, if that is the word, playing the daintiest jazz imaginable at local dances and weddings in the late 50s. Olsson's film about them is disarmingly modest (never pushing the subject matter further than it will go) and disarmingly shot in black-and-white. If hardly the most exciting new film in London, it is certainly among the most pleasant and intelligent.

Sven Klang (played by Anders Granström) is a car salesman by trade (the group is semi-professional), who combs his hair in passing windows and plucks on his bass with a self-satisfied smirk as he gives his undemanding audiences "Sugar in the Morning" and similar numbers in arangements which wouldn't disturb a tea-shop. Supporting him is a pianist Rolf, a maths students at high school. Gunnel the vocalist (a telephone operator), and drummer Kennet, a garage hand: posters actually bill them as a quintet, but a clarinetist went to sea after they were printed.

Their cosy routine is broken by the arrival of alto saxophonist Lars (Christer Boustedt), for whom jazz is more than a hobby or a source of extra cash, as the sounds he blow testifies. He has heard and digested Charlie Parker; he plays with eyes closed, feeling every note. Lars tries to introduce syncopation to vary the plodding beat ("It doesn't say so here!" says Sven, studying the score); after the others have finished with "Over the Rainbow" he plays a wild solo accompanied by nervous smiles and adjustments of ties. However, it's obvious that the band will never break through to better things: Sven's hold over the others is too great, not only in musical matters (Gunnel has a child by him). Lars leaves for Copenhagen, finds out that "all Danes like Dixie"; in a mood of acrimony and disillusionment the combo falls apart.

Jazz fanatics have had good reason to treat most films about their passion with a high degree of cynicism and abuse: how many curses, one wonders, were hurled at the Red Nichols "bio-graphy," *The Five Pennies*, on television on Sunday? But *Sven Klang's Combo*, which originated as a play devised for the music-theatre group Oktober, scrupulously avoids the usual faults and never falls into glossy unreality. By surrounding Lars' white-hot jazz with Sven's cloying sounds, and allowing the various numbers to flourish naturally within the film's framework, Olsson ensures that the music's magic and spirit come through clearly.

The film is also helped by its meticulous small-town setting and period flavour. Even the director's style has its antiquarian aspects (in particular the use of vertical wipes in the editing). But there is little suffocating bric-à-brac: the time and ambience are captured instead by the people always in the background — the faces who appear at the dances, determinedly happy or lugubrious; the eager eyes of a lad watching through the shop-window as Kennet tries out an electric guitar — under Sven's smiling auspices, of course.

★

More pleasant viewing is available in *The One and Only*, a vehicle for the easy-going style of Henry Winkler, from television's *Happy Days*, who stars as a hopeful actor struggling along in the '50s (again) with his outsize ego and young wife (Kim Darby) for company. The film, brightly written and co-produced by Steve Gordon, is directed by Carl Reiner, who knows all about the lunacies of show business from his own days as a comedy writer for television and a performing comic with Mel Brooks.

His first film as a director was *Enter Laughing*, which concerned another young hopeful who erroneously read the title's stage direction at an audition as though it were one of his lines. One could imagine Andy Schmidt (the Winkler character) doing exactly the same thing, only here it would be deliberate. For he is a determined funster, who needs his funnybone to survive the crazy and humiliating situations which follow when he can only find work in wrestling bouts. His billing for these varies: in one town he is "Adolf Hitner" (equipped with Nazi armband, Hitler moustache and a helmet essential for knocking out his opponents); in Madison Square Gardens he is "The Lover," defiantly gay with pink tights and ringlets.

What with the rich potential of its situations and an excellent supporting cast (Gene Saks as the foul-mouthed boxing promoter Sidney Seltzer, William Daniels as the mealy-mouthed father-in-law), it is particularly disconcerting to see the film droop as it does two thirds of the way through. After much lunatic comedy, *The One and Only* swerves into the path trodden by so many showbiz sagas, with husband and wife fighting over the claims of a career and financial security versus a cloistered family life.

The division between the two characters was certainly inevitable: as Seltzer puts it, Schmidt's wife would put a lampshade on a lamp, while Schmidt would put one on his head. But the division goes further than the script surely intended. When Kim Darby grandly emotes as a frustrated mother, Winkler can offer no strong feelings to counterbalance her—as an actor he can only operate within the limits of genial fooling. As for Carl Reiner himself, on this showing he seems the kind of person who would put a lampshade on a lamp but fix it upside down: the caution in his approach makes the film a little soft and slack, yet it's still a recommendable delight.

★

Delight is hardly a word one would immediately apply to the sombre, penetrating films of Anthony Mann, currently featured in great number at the National Film Theatre. His career stretches from some humdrum malarkey in the early 40s, through taut thrillers, tauter Westerns in the 50s and intelligent epics in the 60s, ending with *A Dandy in Aspic* (1968), a sad spy film which almost seems set in aspic itself and was completed after his death by its star Laurence Harvey. But all told, it's a body of work which richly deserves close attention and respect.

Right from his earliest days in Hollywood's lowest reaches, Mann was able to carve out his own personal territory. The very titles of the films suggest the nasty happenings and double dealings which plainly fascinated him: *Desperate* (marvellously tense, showing tonight), *Railroaded!* (not quite up to its exclamation mark, also showing tonight), *Reign of Terror* (to be seen on Monday—the French Revolution presented in contemporary thriller style), *Devil's Doorway*. No froth anywhere. Though the scripts from this period have inadequacies, Mann never fails in the stretches of starkly photographed violent action. Occasionally whole films—like *The Tall Target* (August 10), a period drama with Abraham Lincoln as an assassin's target on a train—seem conceived as weird exercises in style.

But Mann's tendency towards violence and a spare kind of gothic horror reached its most natural expression in the westerns of the 50s, with James Stewart playing a series of solitary heroes inwardly fighting the warring strands of their own personalities. In the grimmest of the set, *Man of the West* (August 21), he is replaced by Gary Cooper, whose less flexible character amply serves this extraordinary work.

Cooper, out to buy a schoolteacher for his community, seeks to clear himself of his own outlaw past, personified by the ancient bandit played by Lee J. Cobb, who staggers unhinged round the Cinemascope frame accompanied by a gaggle of subservient "sons." The presence of the stately Julie London, coiffured and made up for something like *Three Coins in a Fountain*, adds to the film's strangeness, if not to its power. Providing one can stand the often icy temperature of the films, this NFT season should be most rewarding.

★

It has been a week for echoing the previous week's new releases. After *The Last Waltz* comes *The Last Wave*—the wet ones, that is, not the human kind. The director is the Australian Peter Weir, feted after *The Cars that Ate Paris*, less so after *Picnic at Hanging Rock*. This latest work sadly does little to disprove the old saw about the power of critical success and bigger budgets to spoil potential talent. *The Last Wave* is pretty to look at and awful to think about, though it tries desperately to be an enigmatic highbrowed film of the supernatural, on the lines of *The Shout*.

The drama takes place in a Sydney suffering from weather only marginally worse than England's at the moment: the sky lets loose torrential downpours, hailstones, unidentified black muck. An aborigine is found seemingly murdered, and a lawyer (Richard Chamberlain) takes on the case, becoming obsessed with aboriginal magic and lore after various bad dreams and odd experiences. Predictably, the experiences get odder still.

The film certainly starts out intriguingly, with Weir skilfully showing the onset of the freak weather: hailstones hurtle through a classroom's window-panes; there is a curious shot of someone covered by a transparent umbrella bending to drink from a water fountain while rain buckets down. But then things go irritatingly haywire.

Chamberlain is not, let us say, the most expressive of actors, and there is often only a slight wildness around the eyes to indicate that he is experiencing anything unusual, or indeed anything at all. But other people make more than ample amends. Charles Wain's music track soon gives itself over to noises which suggest a pig let loose in an electronics studio. And the script falls over backwards to make sense of the film's mysteries: we hear much learned talk about aboriginal laws, their sacred objects, their two streams of "real time" and "dream time" with which they are uniquely in contact. All of which may very well be true, but in Weir's hands everything becomes boloney, with artistic trimmings.

Christer Boustedt in 'Sven Klang's Combo'

Comedy

The Dark Horse

by B. A. YOUNG

A good theme for a play, the succession of King Henry VII; apart from a transient appearance in *Richard III*, he has never as far as I know had a play written about him, and he was a monarch of some importance, the founder of the Tudor dynasty. Moreover, there is romance to be extracted from his return out of exile to defeat Richard in the field.

Romance is what Rosemary Anne Sisson is after, and she gives it us in spades. The real hero of her piece is Henry's Uncle Jasper, son of the Welsh soldier Owen Tudor and, en secondes noces, Katherine de Valois, Henry V's Kate. Jasper is the first person we meet: in the person of Edward Woodward he strolls on to the stage, where the resultant burst of applause gives him a cue to observe "You know who I am." He then explains who he is and what the situation is about the English throne. A tough but friendly old Welshman, he seems, though we learn later that he can get very angry when the moment provokes him.

Jasper and his young nephew, in real life his son Peter Woodward but in history Henry Tudor, Earl of Richmond, are in exile in Brittany, living from hand to mouth with the dodgy help of their crack-brained Welsh servant Morgan Llewellyn, who is played with such humorous charm by Tony Haygarth that the emptiness of the part is concealed. But, well, now I've come to the point where I have to say it—emptiness is the play's principal characteristic. The tale of Henry's two assaults on the coast, his defeat of Richard at Bosworth, his difficulty in settling down as a king, is reduced to paper-back romance.

Nevertheless the strength of the story shows through now and then, though I found it hard to take anything very seriously. Miss Sisson's best work is in the delineation of the young king after his succession, when he becomes the prisoner of his conscience—"the King of expediency," as his uncle calls him. I couldn't believe in his sudden conversion from layabout to royalty when the prospect of his seizing the crown is first mooted; but later, when he feels compelled to do all sorts of things that offend his friends because they seem to him right, he turns into a more interesting figure.

This is more than I can say of any of the others, even Uncle Jasper; and this is the more remarkable because the casting is very strong, with names like Barbara Jefford, Peter Cellier, Murray Melvin, Michael Barrington adorning the programme. The style might be described as watered-down Robert Bolt, but there is something hollow about the talk that deprives it of dramatic value. Clichés abound; the jokes sound as if they might have been heard on Radio 1. Margaret Beaufort, Henry's mother (Miss Jefford) announces: "If I were asked to make an oration in praise of him, I should find it very difficult," and then launches into an oration several minutes long. The whole thing needs some very strict editing by a despotic play-doctor.

Val May is the director, and the rather tatty-looking scenery is designed by Voytek. And yes, Uncle Jasper is a historical character.

Leonard Burt

Peter Woodward and Edward Woodward

Contemporary music tours will visit 44 centres

The Arts Council's Contemporary Music Network will be presenting 128 performances in towns and cities throughout England and Wales next season.

This will be the largest number of concerts presented in the Network's seven years. The tours will feature 12 groups and will visit 44 venues.

There will be four first performances of commissioned works and the Warsaw Music Workshop and the Canadian percussion group Nexus will be appearing in Britain for the first time.

The tours start on October 1 at Nottingham Playhouse with a performance by Roger Woodward (piano) and the Philip Jones Brass Ensemble which will include the premiere of Rolf Gehlhaar's *Strangeness, Charm and Colour*, a work commissioned for the Network. There will also be the first British performance of Morton Feldman's *Piano*.

The Warsaw Music Workshop will be playing a programme of East European music, using instruments made for them by Polish folk artists. Their two-week tour will start at The Round House, London on October 15.

Jazz musician, Mike Gibbs, now resident in Boston, USA, will be giving his first concert in Britain since March 1976. His 13-piece band will play some of his compositions. This tour starts at the Phoenix Theatre, Leicester on October 23.

The London Sinfonietta are to give five performances of two works by the distinguished Argentinian composer, Mauricio Kagel: *Ludwig Van* arranged for the Sinfonietta, and *1898*. The composer, head of the Institute for New Music in Cologne, will conduct, and the tour starts at the Royal Northern College of Music, Manchester on November 9.

Nexus, a Canadian group of six percussionists who improvise on a large collection of instruments, will provide a programme which includes indigenous music from many cultures. This tour begins at the Arnolfini Gallery, Bristol on December 2.

The Lindsay String Quartet has two programmes. In some places the quartet will hold a workshop on the Berg *Lyric Suite* which will be discussed by members of the quartet with a complete performance at the beginning and end of each programme. At the other concerts on their tour, performances of the *Lyric Suite* and Janacek's *Quartet No. 2* will be given.

A jazz-rock programme will be performed by two groups: John Walters' Landscape, which recently won the Vitavox award for the best new British band, and Joy led by Jim Dvorak. Both bands were sponsored by the Greater London Arts Association Young Jazz Musicians Scheme in 1976. This combined tour will start at the York Arts Centre on January 3.

Round House

Bartholomew Fair

by MICHAEL COVENEY

I got sand in my shoes and a sore backside at *Bartholomew Fair* last night. In the interests of fairground realism, Jonson took his sprawling comedy in to the Hope, a renowned bear-baiting theatre. In the induction, cut by Peter Barnes in his streamlined adaptation, the Scrivener declares the Hope to be "as dirty as Smithfield, and as stinking every whit." We could be back there: by the entrance, there are two large, smelly pigs. Stalls selling biscuits, fruit, soft drinks and even London Palladium T-shirts, skirt the central area, excitingly transformed by Robin Don and Tanya McCallin into a circus of sideshows, with great long timbers for seats and a floorshow of ponies, hens, puppeteers and Morris dancers.

Then the play begins, and I am afraid that all this wrap-around build-up is jettisoned for a straightforward and not terribly inspired production. This, of course, is the difficulty with the play, the reconciliation of atmospheric effects with clear narrative exposition. There are two major performances, by Peter Baylis as the disguised Justice Overdo, bent on experiencing at first hand the evils he deals with in court, and by Rowland Davies as a sonorous Zeal-of-the-Land Busy, unleashing his absurd puritanical rhetoric in the face of small crime, small beer and the harmless idols of hobby horses and puppets.

There is plenty of good close-contact work, notably from John Wells as Bartholomew Cokes, a ginger-footed Fauntleroy in brown velvet with a splendid array of half-hearted gestures and toothy grins. Jennie Stoller as the Justice's ward, Grace Wellborn, blossoms effectively into a lascivious opportunist; Sheila Burrell is a lusty widow, *forsaking* her Puritan black as the holiday spirit moves her; and Henry Woolf gives a sharply edged portrait of Bartholomew's hot-tempered man in charge of the marriage licence.

But the gallery of fairground habitués are not played with comparable relish or eccentricity. The puppet show, although severely cut, at least works as a genuinely theatrical way of unravelling the plot. Busy beaten to the ground by the arguments of a blue-nosed, Muppet-like representation of Dionysus, and Overdo revealing himself in magisterial scarlet on Leatherhead's stage. Mr. Barnes, a judicious and sympathetic editor, is the director, settling in the end for story-telling before exciting visual presentation. He probably adopts the right course, but you feel a great opportunity has gone begging.

Stephen Joseph, Scarborough

Travelling Hopefully

by ANTHONY CURTIS

Alan Ayckbourn believes that comedy should not exclude the pain of living. His least successful play in commercial terms, *Just Between Ourselves*, recently seen on television (it only had a nine months' run in London) ended with a woman made speechless by pain, shutting off its own skilfully aroused laughter and sending the audience home in a stunned silence. If his Theatre in the Round at Scarborough, where his own plays are first performed, and where incidentally the original production of *Just Between* was so much finer than the starry one in the West End, has a policy it may be seen as a policy of combining comedy techniques with painful exposure of human behaviour.

The season also includes *Travelling Hopefully*, a new play by Ken Whitmore, the Potteries-born playwright best known up to now for his work on radio. It has been directed by Mr. Ayckbourn and like his own work it tries to find farce in the unbearable. The milieu is his own favourite one of modern middle-class suburbia, where two young couples have separate flats in the same house and are visited far too often for comfort by each other and by their parents. We see the flat of the younger of the two couples, were the acting area is split between the bedroom and sitting-room in David Millard's setting: the Moons, Fay and Brian, are about to celebrate their anniversary by having the others in for drinks.

The party is over-shadowed by the fact that this young woman's life has been plagued by illness ever since she caught whooping-cough in her pram during an Aldermaston March. She suffers not only from a hole in the heart but also from a serious lung condition. Illness has made her a child-wife who decides to stage a demo demanding adult status in the middle of the party. Fiona Matheson captures her breathy irresponsibility, switching from spoilt girl to violent over-protected woman in a string of startling transitions.

But having drawn one original character, Mr. Whitmore surrounds her with several from stock, such as the aggressive mother-in-law (Shelagh Stuttle) and the failed journalist who is a rabid dog-hater (Robert Austin), and the author treats them to as large a helping of the plot as his heroine. This results in a play which certainly gets plenty of laughs, but seems over-long and uncertainly constructed.

Still, in its best scenes, those which concern the young marrieds, it does contain excellent work. Fay's husband (Robin Murphy) is a cunningly conceived little monster of a do-gooder, while their friends and neighbours, subtly characterised by Alison Skilbeck and John Arthur, offers a neatly contrasting set of problems.

Men on Women on Men

by ANTHONY CURTIS

Those who lament the passing of intimate revue will have to take a trip to Scarborough. Here, after the main play is over, you can currently see, on a tiny stage in the bar, against a decor of fisheye mirrors, a remarkably assured revival of the form.

The company is four in number; the girls, Lavinia Bertram and Fiona Matheson, in low-cut black cocktail dresses, and the men Robin Murphy and Malcolm Hebden in black-tie. With difficulty they thread their way through the audience, and once on the stage, engage in an altercation about what drinks they shall have, bickering typical of two marriages of several year's duration. The argument conducted at breakneck speed is the cue for their first lyric which gives the show it title:

Marriage was designed by
women. Marriage is a trap
Wedding veils and plastic
blossoms. Sentimental crap.

In its format which is slick and non-stop, and in deftness of staging, there is nothing in the show that Herbert Farjeon would have found the least bit strange; and though he might have blanched at "crap" (and some other things in the script) he would have been equally at home with the attitudes which spotlight sexual incompatibility and private fantasy. Indeed the song in which a girl typist at the BBC recites the typewriter keyboard as an accompaniment to her thoughts of men might have come straight out of *Sweet and Low* and so could another number sung by the two ladies setting out their philosophy in the endlessly repeated word Grab.

But the words are not by Farjeon, they are by Alan Ayckbourn, who with them gives fresh evidence of his versatility; and the music is both written and played by Paul Todd who is responsible for all musical matters in this theatre. Working without the Lord Chamberlain breathing down his neck, Mr. Ayckbourn is able to be both frank and funny about matters at which Farjeon and even Coward could only hint broadly. This gives the show an edge which its predecessors in the 1930s often lacked. Although it is only intended as a late-night entertainment there must be many more people who would enjoy it than can be shoe-horned in to the theatre bar at Scarborough and it is greatly to be hoped that it will eventually find its way south with the present excellent cast.

Arts Council working party

A four-man working party has been set up by the Arts Council to examine the working of the council. Its findings will be presented early next year.

It will invite the views of Arts Council staff at all levels and will take oral evidence from the advisory panels and a random selection of the 1,200 Arts Council clients. Local authorities will also be consulted.

The working party will consist of Lord Hutchinson, QC, vice-chairman of the Council, Mr. John Manduell, chairman of the council's touring committee and two non-council members, Mr. Howard Newby, former managing director of BBC Radio and novelist, and Mr. John Sainsbury, chairman of J. Sainsbury and a director of the Royal Opera House.

Arts Council activities have grown dramatically over the past 10 years, particularly in such fields as touring, community arts, dance, photography and festivals.

Grant expenditure has increased sevenfold and the number of employees has risen from 195 to 290.

The working party's brief includes an examination of the relationship between the Council advisers and senior officers.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Friday August 4 1978

Embarrassing surplus

THE OECD in its annual report on the Japanese economy does not see much hope for any immediate reduction in the size of Japan's current account surplus. By implication therefore the friction between Japan and its industrialised partners seems bound to continue. The OECD predicts that the current account surplus for calendar 1978 will be $18bn — or a 63 per cent rise over last year which is in line with most other forecasts and well out of line with earlier Japanese promises to get their current account surplus down to manageable proportions as soon as possible. To a large extent the magnitude of the surplus reflects the immediate consequences of the sharp rise in the yen. The effect of this has been to lower import costs, thus in the short run helping to maintain the competitiveness of Japanese exports. In the longer run, as the OECD points out, a dearer yen should increase Japanese imports of semi-processed and manufactured goods while putting a break on the growth of Japanese exports.

Suspicions

The OECD thus expects the current account surplus to drop to an annual rate of about $13bn in the first half of next year. *This is still a disruptively high level for the rest of the world to absorb.* It would fuel suspicions—already strong through the readiness of the Japanese to publish targets which stretch credibility—that they are determined to cling on to their large current account surplus and the strategy of export led growth as long as the West allows. In that approach lies the danger that the West might suddenly retaliate with a burst of protectionism unwelcome to all.

The OECD report was prepared before the Bonn summit and the pledges that Mr. Fukuda gave there. In that sense some of its key figures may be outdated. In presenting the OECD's six-monthly Economic Outlook recently, OECD economists made the point that if Japan carried through the commitments made by Mr. Fukuda, then its gross national product would rise at an annual rate of 9 per cent in the first half of next year as against their forecast of 4.5 per cent before the Bonn Summit. Their prediction in yesterday's report on Japan is for a 5.5 per cent growth in calendar 1978—marginally up from last year—but below the 7 per cent which Mr. Fukuda was aiming at for the present fiscal year. The level of growth will obviously rebound on the level of imports.

At Bonn Mr. Fukuda promised that in August or September he would decide whether additional measures were necessary to stimulate domestic demand to achieve the 7 per cent growth target. There is little doubt that such measures will be necessary to offset the expected fall off in activity later this year but a good deal of doubt as to whether the Japanese government will carry them through with sufficient force and whether they will have the desired impact on imports. The budget for the present fiscal year raised public works spending by 35 per cent over planned expenditure for last year. This is certainly now imparting some momentum to consumer demand at a time when wage increases have been more modest than last year. But Mr. Fukuda has traditionally been apprehensive of increasing the size of the budget deficit and shares the doubts of Chancellor Schmidt about fiscal measures to boost demand. In any case the whole question of a supplementary budget has now become deeply involved with the struggle over Mr. Fukuda's leadership of the Liberal Democratic Party and the possibility of an autumn election.

Expectations

The other pledge made by Mr. Fukuda was for "unusual measures" to hold down export volumes to 1977 levels and to boost imports. The OECD rightly points out that the emphasis should be on increasing imports.

Nobody expects the Japanese to make the massive structural changes that would be required to shift the basis of their imports away from raw materials and more towards manufactured products overnight. But patience will wear thin if changes in Japan's distribution system do not appear and if the Japanese do not commit more of their resources to housing and welfare amenities to take the burden off the rest of the world.

A code for subsidies

THE LARGE amount of money the Government is now devoting to rescuing lame ducks, saving jobs, and promoting new investment has often been rightly criticised. But Britain is not the only country to be resorting to the use of industrial subsidies or to be doing so on an increasing scale. A similar tendency could be seen in most industrial countries long before the world trade recession created new threats to employment both in industries whose competitiveness had been waning and in those which had been thought to be viable. Even governments like the West German, which are noted for their preference for the free market system, provide tax incentives or financial aids to help raise the level of economic activity in less favoured areas, to help out companies in troubled sectors, or to promote status industries like aerospace or computers for reasons of national security or pride.

How much the various national exchequers contribute to the underwriting of industrial costs or investment no one can say. This is not simply because relatively few governments draw up their budgets in ways in which make it easy to extract the appropriate figures. *It is also because so* many aids are not transparent. What is the precise subsidy element, for example, in a tax concession, in a state contribution to a company's equity, or in a loan granted by a state agency which pays the market rate but which supports high risk projects?

It is the comparative invisibility of industrial aids which makes them so dangerous a threat to the world trading system and so tempting for governments to use. Yet it would be unrealistic to fail to recognise the strong political and social pressures which make governments reluctant to accept the concept of comparative trade advantage and international specialisation upon which GATT was founded.

Governments may not be prepared to put up with the way trade liberalisation interacts upon their domestic economy if the consequences do not coincide, as they often will not, with national employment or balance of payments objectives or if they call for a rapidity of response which is regarded as socially unacceptable. This is as true of France, where the function of industry is seen as that of making the nation more independent and more powerful, as it is of Britain, which is bothered by decades of declining international competitiveness, or as it is true even of the United States, the progenitor of the post-1945 world trading system, which levies countervailing duties on imports benefiting from measures identical to those it itself uses to promote U.S. exports.

Precedent

The rules of the European Community recognise that modern governments intervene in industry both to promote particular national ambitions and to soften the impact of economic changes. The rules do not permit members to frustrate the objectives of a common market by exporting their structural problems or engaging in costly and fruitless rivalry. But the problems of transparency, the difficulty of tracing the intra-sectoral effects of general or regional aid schemes, and the fact that the Commission is so often reacting to national initiatives has made it hard for it to hold the line.

Nevertheless, the EEC's attempt to distinguish between aids which have serious trade repercussions and those which do not, and between those which can be tolerated and those which cannot, is a useful precedent for those who are now trying to negotiate a GATT code of conduct on industrial subsidies. A GATT agreement may not have the legal force of an EEC treaty. But it would be infinitely preferable to have some kind of permanent international consultative procedure to deal with complaints about the trade effects of industrial subsidies than to have no restraint at all. For that would lead to a trade war in which no one would win, least of all a nation so dependent upon trade as Britain.

Unemployment takes over as Ulster's main enemy

BY DAVID FREUD

THE MAIN battle being waged in Northern Ireland is no longer against the terrorist, but against the mounting level of unemployment.

In a manner *reminiscent of* "Japan Incorporated," the administration, industrialists and unions have banded together in the last year in a vigorous campaign to win jobs.

It is a campaign backed by the UK Exchequer almost without limit, allowing the administration to buy new projects from all over the world with grant offers that few—if any—countries can match.

The offensive has had rapid results and in the last five months Mr. Roy Mason, Northern Ireland Secretary, has been able to announce new projects in the province by four U.S. companies providing 3,400 jobs.

The latest, yesterday's agreement with the DeLorean Motor Company for the establishment of a sports car plant in West Belfast, is the most expensive and most important of them all.

Yet despite all this activity little impression has been made on the level of unemployment in the province, which, at about 11 per cent, is double the UK average.

Even more disturbingly, while the numbers out of work have fallen in mainland Britain *since last September in every* month bar one, in Ulster they continue to rise. The widening gap is against the long-term trend in Ulster's unemployment rate which, though traditionally higher than that on the mainland, has usually moved in line with it.

Unemployment is a sensitive issue anywhere. In Northern Ireland it is literally explosive. One prime factor generally considered to have contributed to the rise of the IRA Provisionals was high unemployment among Catholics through the 1960s, when the province's annual growth rate was an impressive 4.5 per cent.

Recruiting ground

The resentment among the Catholic population at its apparent exclusion from the rising prosperity provided a backdrop of support for Provo violence in the early stages of the Troubles, while high youth unemployment gave the gunmen a fertile recruiting ground.

Currently, high unemployment is more prevalent than ever, with rates officially estimated at well above 30 per cent in some Catholic areas such as Strabane and West Belfast. Mr. Mason is acutely aware that if these rates are allowed to persist the current low level of sectarian violence in the province could rise again.

It was on this *argument* that he won the support of the Cabinet for his expensive economic policy.

Yet the root causes of the province's unemployment are so intractable that even the most optimistic Government officials estimate it will take at least ten years to bring the numbers out of work down to mainland levels. Others doubt whether it will happen this century.

Much of the problem is due not to a fall in employment, but to a growing workforce. Between 1959 and 1976 the number of jobs increased by about 3,000 a year, from 437,000 to 495,500.

There has been a decline since 1976, but equivalent to only about 1 per cent of the workforce: about 5,500 jobs. So all the increase in unemployment since the low of 1974 is the result of new workers joining the labour market. In that time the number out of work grew *by 35,000 to 61,400.*

The increase in the workforce is a factor common to the whole of the UK, but it is exaggerated in Ulster where, quite apart from the 1960s baby-boom, the population is growing ten times as fast as the UK average. In 1975 the natural increase in the UK population was 0.6 per 1,000 people, while in Ulster it was 6 per 1,000.

Several other factors indicate that the numbers seeking work in the province are likely to increase rapidly in the next ten years:

Net emigration seems to have fallen back with the easing of tensions to the annual rate of about 7,000 prevailing in the *1960s. In 1975, by contrast, the* Troubles pushed the number up to 16,000.

Agriculture is likely to continue to shed labour. The numbers employed on the land fell from 100,000 in 1950 to 57,000 in 1976. Yet this was still 10 per cent of the workforce compared with 2.5 per cent for the UK as a whole.

If Ulster moves closer to the British pattern, jobs will be needed for another 40,000 or so former farm labourers.

More jobs will be needed if the province follows Britain in another respect: female employment. More than 50 per cent of women in the UK over the age of 16 now work. The comparable figure for Northern Ireland, while rising, is still only about 40 per cent.

Because of these factors, it is estimated that more than 100,000 new jobs will have to be created by 1985 to bring the unemployment rate down to 3 per cent.

In the mini-boom years of the 1960s, new jobs had to be created very rapidly to keep up with the growing workforce. Nor was agriculture the only industry shedding labour. There was a decline in two traditional industries, linen and shipbuilding. Between 1950 and the present 50,000 jobs were lost in the former industry while in shipbuilding—effectively Harland and Wolff—the workforce was cut from 25,000 to 9,000.

Don McCullin

The grim side of life in one of Northern Ireland's Catholic districts: survey returns found 2½ times more Catholics out of work than Protestants.

A number of theories have been advanced to explain the continued deterioration in Ulster employment in the past 10 months. The most convincing is that the 1974-76 recession narrowed the province's industrial base.

Employers like Rolls-Royce, the Ministry of Defence and the IEL computer group, which now could have been expanding, then closed down their establishments entirely.

The weakness is underlined in the statistics. The proportion of workers in manufacturing industry is only 26 per cent in Northern Ireland, compared with more than 30 per cent in the UK as a whole.

But the overall level of unemployment is not the key issue. More important is the disparity between job opportunities for Catholics and Protestants.

Historically, Protestants have dominated in the skilled industrial jobs while the Catholic minority's traditions are agricultural rather than industrial, except for the shrinking linen sector.

Such patterns — created *originally with the help of positive* discrimination — have tended to become self-perpetuating. High unemployment areas in Ulster are invariably Catholic and an analysis conducted by the province's Fair Employment Agency of the 1971 census returns found that the proportion of Catholics out of work was two and a-half times that of Protestants.

With the subsequent growth in the total number out of work, the position of the Catholics has probably deteriorated even further. A Fair Employment Agency analysis of black-spots has revealed pockets of Catholic unemployment approaching 50 per cent in some parts of West Belfast, Strabane, Newry and Derry.

Many observers believe this disparity was one of the root causes of the Troubles. Certainly that is the belief of Catholics themselves. In a survey conducted earlier this year nearly 80 per cent took this attitude.

One result of the ten years of violence has been a polarisation of the two communities, particularly in Belfast, the province's major city containing a third of its 1.5m population. There has been a large-scale movement out *of housing in* mixed areas as families sought the security of living among co-religionists.

This movement has had a substantial impact on jobs, especially among Catholics, who have been unwilling to travel to work *through areas* considered hostile.

A second polarising effect has developed at workplaces. Wherever workers of one religion have been in a minority of less than 20 per cent they have tended to leave.

The political legacy of this polarisation has been to make the location of each new project highly sensitive. It is not enough for the Government to bring new jobs to the province. It must bring them to the deprived Catholic areas.

The underlying feeling seems to be that the Government has no more than another year to show that it can find jobs for these areas. The sectarian violence has died down recently, despite the mounting numbers out of work, more because of war-weariness than anything else. If the Government cannot use the lull to provide jobs many people believe the frustration will be expressed in renewed fighting.

If the Government does fail it will not be through want of money or effort. Twelve months ago it launched a package of incentives so generous that not investing in Northern Ireland seems almost *foolish.* At best, the level of support can mean that an industrialist need find no new money for a fresh project at all.

The components of the package included outright Government grants of between 40 and 50 per cent on capital spending and of 100 per cent on moving and installing equipment. Industrialists are offered loans on preferential terms and interest relief grants—even individually negotiated grants towards start-up costs.

The Northern Ireland Development Agency is available to provide risk capital or loan facilities, while the Department of Manpower Services will effectively meet much of the cost of training the workforce.

These incentives—as well as several others—are available not only for new projects but *for the expansion of existing* undertakings and for schemes of substantial re-equipment.

The package, which has been approved by the EEC Commission, implies an average public cost of £6,000-£7,000 for each job created. Government officials argue that this is no more than the opportunity cost of keeping someone on the dole for two years.

The key to widening the province's industrial base lies in attracting green-field projects, and the Ulster Department of Commerce has installed permanent representatives in Europe and the U.S. to bring in "footloose" investment.

Helped by Northern Ireland's good industrial relations and productivity record, together with the level of state aid, the projects quickly flowed in. In spring the U.S.-based company AVX announced a £10m project to manufacture electric *components* in Coleraine with a 600-strong workforce.

Then General Motors announced a £16m 600-job seat-belt plant at Dundonald. This was followed by the decision at the beginning of the week by Coronary Care Systems of New York to start manufacturing medical equipment at Bangor — a project requiring 200 jobs.

State incentives to attract these projects were high. AVX cost the public purse £16,000-£17,000 for each job, GM £10,000-£12,000 and Coronary Care Systems £10,000.

Protestant areas

At the same time, concern was growing because these three new projects were all located in Protestant areas. The Government defence was that it could not force specific locations on industrialists.

Furthermore, officials argued, it was important to start winning projects regardless of where they were located because in attracting industrialists nothing succeeds like success.

Yesterday that argument was fully justified when the DeLorean Motor Company, based in Michigan, agreed to set up a sports car plant in Dunmurry, adjoining the Catholic areas of West Belfast.

Mr. John DeLorean, head of the car company, confirmed the importance of example in his decision to locate in the province.

"When General Motors decided to come here one of my friends in the corporation called and said I should check the place out," he said.

He endorsed whole-heartedly the Government machinery for winning projects. "This is an incredible place to do business. I am very impressed by the total professionalism I encountered here. They managed to accomplish in 45 days what others have been trying to do in 18 months."

The cost in state aid is high, probably around £25,000 a job, and there is some concern at such sums being spent on what Mr. DeLorean himself acknowledges to be a "high-risk" project.

But more than jobs are at stake. The Government has been able to offer tangible proof for the first time that it is able to create the jobs where they really matter. Where DeLorean has led, other manufacturers may follow.

With continued containment of violence hanging in the balance, the Government considers the *DeLorean* jobs a bargain at any price.

MEN AND MATTERS

Up periscope at Rosyth

The immediate drama of union threats to Britain's nuclear deterrent has seemingly subsided. The Royal Navy "liberated" the Polaris submarine Revenge and she is now patrolling the Atlantic. But a much fiercer showdown with the naval dockyard workers may soon develop at the Rosyth base, where two nuclear subs — the Repulse and Renown — are being "blacked."

This rumbling dispute on the Firth of Forth may seem remote from a conference the Industrial Society is holding next month in the Cafe Royal. It is entitled "Briefing Groups — the Key to Effective Communication." A distinguished panel of speakers includes not only Sir John Methven, director-general of the CBI, but also Jack Bedbrook. Their essential theme will be on the way briefing groups can create a "committed workforce." Just in case you were wondering, Bedbrook is general manager of HM Naval Base, Rosyth. He will be telling "how in his situation, briefing groups and consultation work together successfully."

Bedbrook's 6,000-strong workforce certainly appears committed — to stopping both Repulse and Renown leaving the dockyard until wage grievances are settled. A few briefing groups seem urgently needed.

Once bitten . . .

The dog licence debate goes growling on. Maurice Macmillan, Tory MP for Farnham, admitted to me yesterday that he has changed his mind since he was chief secretary to the Treasury in 1970 and wanted to abolish dog licences entirely. He said: "Effective control of the dog population will become more important if the threat of rabies becomes imminent, which I fear it will." Only dearer licences can ensure control, he believes.

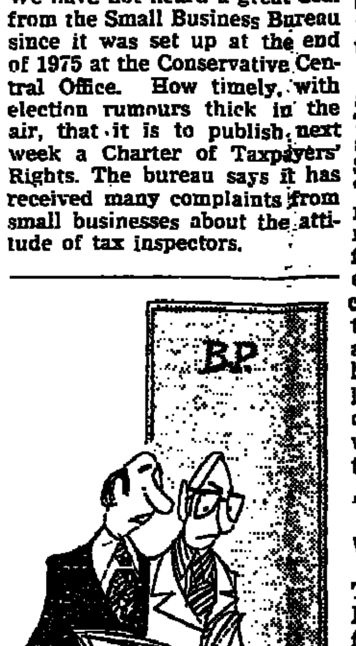
Macmillan estimates that if dog licences had risen in line with inflation they would produce £16m a year — instead of little more than £1m, as at present. He says: "The Government should go for a phased increase to a level that would cover the costs of collection, enforcement, prosecution — and contribute to local authority costs in clearing up dog messes on Britain's pavements."

A dog owner himself, Macmillan has extracted figures from the Department of the Environment showing that 92p in every £ collected in dog licence fees goes in the administration costs of collection.

Old-fashioned way

We have not heard a great deal from the Small Business Bureau since it was set up at the end of 1975 at the Conservative Central Office. How timely, with election rumours thick in the air, that it is to publish next week a Charter of Taxpayers' Rights. The bureau says it has received many complaints from small businesses about the attitude of tax inspectors.

"The charter aims at encouraging a better understanding between the Inland Revenue and the taxpayer by maintaining the principles of old-fashioned courtesy and mutual co-operation between both parties." Such sentiments might win votes from tax collectors and small businessmen alike.



"Now they want to give us a licence to print their money!"

Darkest Devon

Down in Devon, a new form of solace is being devised for tired businessmen. How do you fancy 36 hours in a darkened room? All on your own, of course. There will be no fear of boredom, because you will be "exposed to audio conditioning tapes." There will also be, for a mere £100, sessions of biofeedback, self-hypnosis, gestalt-therapy, guided imagery and transactional analysis.

The new establishment, in a 17th-century manor near Tavistock, is the brainchild of an American named George Scott, who describes himself as "sometime stockbroker, commodities trader, gold and currency broker, art dealer and film director." Scott sees senior executives as his main customers, and says he will teach them "proven stress alleviation and control methods which can be applied to tension-producing life-situations." As an added inducement, the air in the manor will even have "negative ionization."

Wives at war

The report from the Commons Procedure Committee on reforming the ways of Westminster had not satisfied everyone — and least of all that campaigning band of Labour MPs' wives who want their husbands home by 8 pm. Its leading spokespersons are Lisanne Radice, wife of Giles, the MP for Chester-le-Street, and Emily MacFarquhar, whose husband, Roderick, has Lord George-Brown's old seat at Belper.

Mrs. MacFarquhar was fierce over the immovable forces resisting change: "Children under 10 have a one-parent family for six days a week." The campaigners claim that the real problem is with the Tories.

There is, of course, always the possibility of "doing a Lysistrata," as Mrs. MacFarquhar mused, in admiration for the leader of the Athenian women who stopped a war by denying their husbands their marital rights. But the Westminster "grass widows" are set to enjoy a sweeter revenge this morning: it's a fair bet that headlines will concentrate not on the learned solutions advanced by the MPs after two years' work, but on the half-hour Press conference when the wives said what they thought of them.

Word games

A few weeks ago a leading retailer claimed that certain business statements always meant something other than they seemed to. "The cheque is in the post," was one that I quoted.

Now a thoughtful reader has sent in a batch of similar verbal subterfuges. They could be useful for many a chairman writing the first draft of his annual statement:

"The losses in our main subsidiary have now been contained. The managing director has resigned for personal reasons."

"The retiring chairman will remain on the Board as president where his immense experiences will be of enormous value."

"Though losses are continuing in our Nigerian (or Belgian or Middle East or Australian) branch we do not believe any further provisions will be required."

Observer

POLITICS TODAY

Tories stick to their existing guns

"IF WE haven't got our message across in four years," said a senior member of the Shadow Cabinet the other day, "we're not going to get it across in four weeks."

It is true that such a remark is open to a number of interpretations apart from simple defeatism. And, of course, it is possible that the Government will lose the election almost regardless of what the Tories do or say. Yet the remark does reflect a certain apprehension that a storm is about to burst. In other words, the Tories are waiting for the Labour counter-attack, and they are not exactly looking forward to it.

Briefly, the thinking goes like this. Over the years the Tories have emerged as the radical party of British politics. This has not been just a sudden development under Mrs. Thatcher. On the contrary, it began under Mr. Heath. Except in one respect, the Conservative administration of 1970 was quite as radical as anything proposed today. It wanted to cut public expenditure and it believed in Selsdon man. The exception was monetarism. Nobody told it about the inflationary effects of excessive monetary growth, and it was ignorance of that that led to all the troubles. The Tory Party, however, has now learned its lesson. If absence of monetarism was the great gap of the 1970 Government, its presence will be the anchor of a Thatcher administration.

And yet there are certain drawbacks in being radical and—as the Tory Party now also is — anti-establishment. The Tories, after all, flourished on what might be called the deferential vote: the people who voted Conservative because they thought the Party represented wisdom and experience. But with the change in the establishment this vote may now go to Labour. It is Labour which has been in power for most of the last 15 years or so, which appears to know the way the world works and to have the experience to deal with the unexpected. The Tories, by contrast, look like parvenus, putting forward all sorts of dangerously radical ideas.

Civil Service

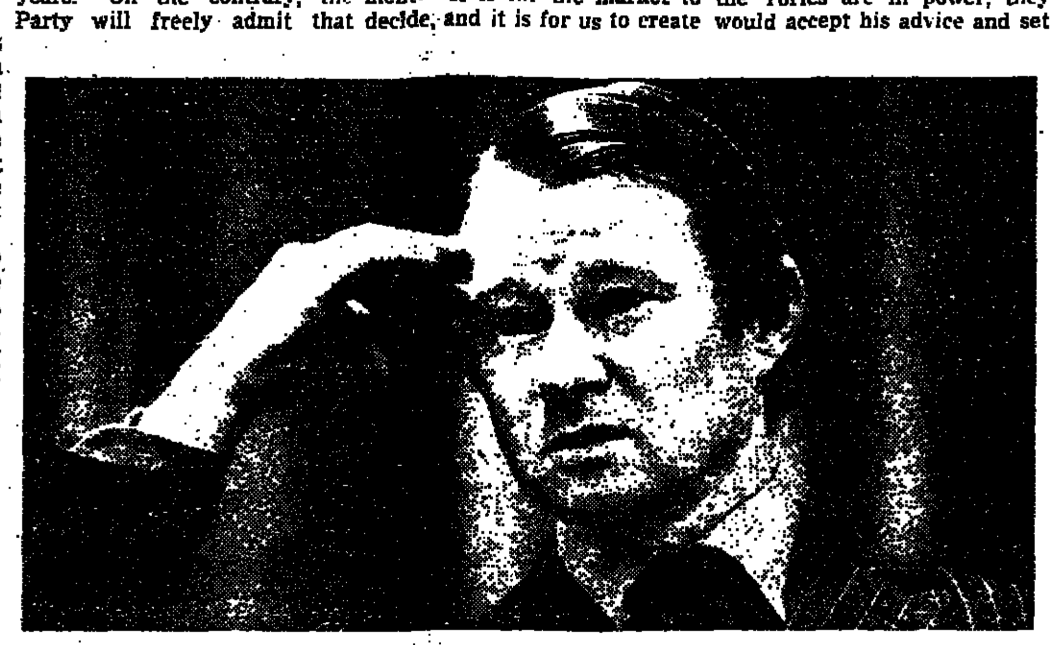
Such a view is reflected in Whitehall. There are many senior civil servants who actually want Mr. Callaghan to win, not particularly because they believe in the Labour Party — though some of them do that too—but because they have grown to like his administration. Mr. Callaghan, it is said, is a much better Prime Minister than he was head of a department. He knows how to get things done and there is considerable admiration for his machine. The Tories, on the other hand, scarcely know the civil servants and vice versa and under the British system, whereby the Civil Service works only for government, they are not encouraged to approach each other.

There is a similar point about institutions. Most of the institutions which one reads about in the newspaper every other day (the National Enterprise Board, for example) are Labour institutions. Even the nationalised industries seem to have come good at the right time as one by one they turn out to have made a profit. The British Steel Corporation may be an exception, but even there at least the Government has advanced beyond Beswick and is pressing ahead with redundancies as fast as it thinks possible. All these bodies are part of the new establishment, and there is at any rate a superficial case for saying that they are not doing too badly after all.

The problem for the Tories is that such institutions, with the Whitehall machine behind them and Mr. Callaghan presiding over the whole edifice, are very difficult to attack effectively. The impression is around that management is all. As practised by the Prime Minister, the top of the Civil Service and the right wing of the Labour Party, it is poltics without ideology. The message is simply: be pragmatic, move cautiously, and don't rock the boat.

So what the Tories are now awaiting with some trepidation is the Labour onslaught which will accuse the Conservative Party of being wreckers. It could take several forms. For example: "The Tories want to downgrade, if not dismantle the NEB, and that means fewer jobs." Or again: "The Tories have no faith in British Leyland or Alfred Herbert, and we all know what that means in terms of jobs for the Midlands, and the next thing they'll want will be to sell off British Steel and British Shipbuilders. In any case, where are the new jobs going to come from? The Tories don't know and can't tell you." To put it another way, as Mr. Callaghan told Mrs. Thatcher in the House of Commons last week, the Conservative Party will be accused of offering "one sentence solutions to deep-seated problems," and that could be a devastating establishment attack.

It appears, however, that the Tories are bracing themselves to stand up to it. As of now, there is to be no back-tracking in the three or four weeks of the campaign on what has been said in the last three or four years. On the contrary, the Party will freely admit that there is not point in giving public money to unprofitable industries. It will say that those parts of (say) Alfred Herbert which are viable should be sold off to the private sector. There will be no prevarication about the downgrading of the NEB. And the Party will also admit—or at least some of its leading members will admit—that it is prepared to see jobs disappear without knowing how they will be replaced. After all, the argument goes, no one could foresee how new jobs arose in the past, so how can we be expected to see it now? In any case, how does anyone explain the present large number of vacancies co-existing with a high level of unemployment? It is for the market to decide, and it is for us to create the conditions to allow the market to function.



Ashley Ashwood

Mr. Michael Edwardes: object of extraordinary faith.

There will be exceptions, of course, of which British Leyland is likely to be one. But even there the stay of execution from Tory policy may be only temporary, and will be due as much as anything to the extraordinary faith which politicians of all parties seem to place in Mr. Michael Edwardes, the company chairman. Mr. Edwardes, it seems, talks to a lot of MPs, some of them Conservatives. The word now is that he believes that he needs another eight to 10 months to know whether his task of running the present concern is possible. If he decides that it is not, he will say so. If the Tories are in power, they would accept his advice and set about dismantling British Leyland. By contrast, what a Labour Government would do in the face of such advice appears hardly to have been contemplated.

There are also differences of degree in the Tory faith in the market. It would be surprising if Mr. Peter Walker, who maintains contact with Mrs. Thatcher on such subjects as industry in the West Midlands, had quite the same zeal as (say) Sir Keith Joseph, whose thinking is so close to that of his leader that he scarcely needs to consult her.

Equally, not all Tories want a return to the free market for the same reasons. The supposition in the past was that it was the only way of securing a higher economic growth rate, but now some Tories are not so sure. Mr. John Biffen, another candidate for high office, wants to see the market restored entirely on libertarian grounds. He does not believe there is any reason to hold that high growth would be a consequence, and indeed would be horrified at the idea. For Mr. Biffen is actually a prophet of the virtues of low growth, and dismisses talk of increased productivity as a concept almost impossible to define.

Sir Keith occupies some, though by no means all, of the same ground. He accepts that it is impossible to guarantee that a market economy will generate higher growth; there may be no causal connection whatever. At the same time, he shares the Biffen argument that a return to the market place should be sought for libertarian reasons. But he differs in that he wants growth as well. Indeed he has a fear that if something is not done radically to increase productivity soon, the country's relative economic decline will become absolute with consequences that are—to say the least—uncertain.

Sir Keith, however, also stops short of what might be called "the precipice theory" held by, among others, Lord Thorneycroft, the Party Chairman. According to this, if output is not raised pretty quickly, something really nasty is going to happen. It is to be dismissed on the entirely logical ground that there is no evidence that the precipice exists. There is no particular reason to believe that the relative decline will not become absolute, but it is harder to be certain that the British people will be much more unhappy as a result. After all, it has happened in other countries—Argentina and Uruguay and Spain in another century—but they continue to exist.

Yet that disgression into the diversity of Tory thinking should not conceal the fact that there is a certain unity. Nearly all of the leading Tories now want a return to a freer market system and a dismantling of the intervention apparatus that has grown up over the years. They may differ about the speed, the degree, the methods and even what it might achieve, but on the basic aim they are united and at present have no intention of backtracking whatever might be hurled at them in the campaign.

Gut feeling

The Tories are united, too, in believing that this is the way to win. The scientific evidence for this belief may be hard to find, and maybe it is more of a gut feeling. Still, the Tories intend to stick to it. They are prepared for some savage attacks over the next few weeks, but they hope that their message has got through in the last few years. At the very least, one might add, they are offering "a choice, not an echo," and it is not every British general election of which it has been possible to say that.

Malcolm Rutherford

Letters to the Editor

British Gas profits

From Mr. D. Fenn

Sir,—It is gratifying to read that attention is being focused on the state industry accounts muddle by Lex (July 31) following my letter printed July 28 and responded to (August 1) by Mr. W. G. Jewers, member for finance of the British Gas Corporation.

Consistent rules of reporting must be laid down concerning the net margins and appropriations of such margins emanating from the Government Accountancy Service to be followed by both public and private sectors so that like can be compared with like, year after year, on an historic basis and not confused with current cost conversions rather than by a note to the accounts until such adjustments are made law following the deliberations of a divided accountancy profession.

Mr. Jewers admits an historic surplus for 1977-78 of £564m and this I suggest is the true net margin for the year and should have been reported as such.

The historic sum of £239m written off in respect of deferred capital costs on natural gas conversion and displaced plant is an appropriation of profit and due to its size should have been reported as an extraordinary item not to be repeated.

The £145m of supplementary depreciation again is an appropriation of historic profit to meet replacement costs of assets and should be allocated to a reserve account if included in historic accounts.

The surplus remaining of 180m, instead of being the reported profit, is merely the balance carried forward on profit and loss account to 1978-79. May I suggest that this is used to augment the inevitable historic surplus of 1978-79 activities and be utilised in freezing prices.

In putting British Gas Corporation's record straight by explaining the rise of 70 per cent in price per therm over a 10 year period when the Retail Price Index rose 180 per cent it appears that a pre-decimalisation figure has been used, for 3.9 pence per therm represents 542 new pence and therefore a rise of 18.5 pence per therm is an increase of 307 per cent over the 10 year period.

D. J. Fenn.
Tower Rise,
Richmond, Surrey.

Public sector accounting

From the Conservative Prospective Parliamentary Candidate for Hammersmith North.

Sir,—Let us applaud the sophistry (August 1) of the member for Finance, British Gas Corporation. Mr. Jewers's casuistic approach to accounting champions the cause of "specifically" accepted accounting principles.

No doubt he is prepared to offer equally unpretentious sympathy to company directors "who share his concern about the impact of inflation on customers" but have to put up with the statutory inconvenience of the Companies Act and the fiscal drag of the revenue authorities. How is it that the revenue authorities do not depreciate his capital approach to current expenditure?

Jeremy G. A. Cripps.
1, Mill Lane, NW6.

Hazardous life for women

From the Deputy Director General, British Institute of Management.

Sir,—The introduction to Jason Crisp's article (August 1) on women in management is slightly misleading in suggesting that the spokesman at our Press conference on the Manager's Manifesto had maintained that "there was no prejudice against women in management."

Their response to the question from the female journalist was to indicate British Institution of Management's attitude to women in management — there is no prejudice against women managers who are members or who apply for membership of BIM; indeed BIM has for many years through its 80 branches throughout the country encouraged women to study for and apply for membership.

The results have indeed been below our expectation. Among some 57,500 members of the BIM only 704 are women, and the reasons for this low proportion are not based on discrimination against women but — as the article stated — tend to largely reflect the attitude of women themselves to the choice of lifestyle available to them.

Most men need to obtain a qualification in order to develop a career which will support a family. Though many women choose or face such a choice for themselves, most younger women fully appreciate that they have a real choice between a career and a family and over the whole employment timespan of, say, 30 years, move from one to the other with enormous benefits to society generally.

Do we really want to make all women take on the sacrifices and hazards of managerial life? As long as men and women enjoy equal opportunities in education and employment which the law enjoins, why discriminate against women if they choose not to be like men?

William Bree.
Management House, Parker Street, WC2.

Anomalies in restraint

From the Managing Director, Mobile Training and Exhibitions

Sir,—There seem to be two anomalies stemming from the present and proposed wages/dividend restraint policy, which go by with little or no comment from either political parties or financial corespondents.

These are:—(1) that it creates greater tax revenue as it replaces tax on earned income with tax on greater business profits. (2) as company law stands at present the increased retained profits created by this policy will become the sole property of capital once the restraint is lifted.

I would feel that however far the Labour Government may have strayed from its original roots, the latter point can hardly be in line with its beliefs, as it creates a situation where sacrifices made by labour become the exclusive reward of capital.

Ernest Jones.
Imperial Buildings, 56, Kingsway, WC2.

Investment services

From Captain Ian Campbell, RN.

Sir,—Ms. Gleeson's article "Investment services" (July 22) was much to the point, succinct and excellently presented. With each succeeding Finance Bill most, if not all, of us need an annual financial/legal "check-up." Ideally one would consult at the same time one's stockbroker, solicitor, insurance broker, and banker — each having been supplied with the relevant data in order to produce recommendations. Alas, I have never been able to arrange such a meeting, and so I may seek the advice of one of the new "financial doctors." I hasten to add that the advice I have had from my individual financial advisers seems to have been excellent.

There is another aspect of financial counselling that is unsatisfactory. As a generalisation, I submit that the less-wealthy need such counsel more than the wealthy. This welfare state provides free a medical service and legal advice. Why not financial advice also? I have heard that advice is provided by some Citizens Advice Bureaux but few people seem to be aware of this service.

Ian Campbell.
36 Langside Drive, Glasgow.

Recruits for radio

From Mr. R. Kelly

Sir,—In his article on the "new wave of broadcasters" (July 29) Arthur Sandles states, on what evidence I know not, that "fortunately for radio, talent is less difficult to find than it is for TV." All you have to do, apparently, is walk into the nearest newspaper office or disco and take your pick. Either he has a high opinion of newspapermen and disc jockeys or a low opinion of radio. In any case I can assure him, on the basis of running a local radio station for six years, that if he wants an output fit for people of average intelligence to listen to he won't get it from the sources he mentions. What he will get is a combination of talking newspaper and juke box, interspersed with jingles and public notices, a pattern producing the kind of mind-bending inanity which afflicts far too many local stations already.

If we are to have an expansion of broadcasting, recruitment is a serious problem not to be solved by simple formulae of the kind Mr. Sandles puts forward, which could well torpedo the whole enterprise. Broadcasting is an art and craft in its own right, not an appendage of the newspaper and gramophone industry.

Richard Kelly.
14, Hudshaw Gardens, Hexham, Northumberland.

The future of broadcasting

From Mr. E. Stuart Wilson

Sir,—I welcome the acceptance in the White Paper, by the Government, of the Open Broadcasting Authority programme philosophy. I must, however, question the method of achieving this significant and major change.

Good TV, whether for minorities or not, costs money—millions and million of pounds. The fact that a new collection of worthy people, housed somewhere in W1, select a number of people to go out and commission thousands of hours of programmes, will not in any way guarantee that the British viewing public will watch in measurable numbers. Please let us reflect, before it is too late, on the early experience of BBC2. Mr. Robin Scott, deputy managing director of BBC TV, in the programme "The Editors" on BBC1 (July 30) admitted that the early programme pattern of BBC2 was a total disaster in viewing terms. It was not until the BBC combined the more popular with the unusual that it began to get an audience. If this point is accepted, the wide range of loose ideas contained in the White Paper as to how the OBA will be financed by various forms of advertising is pure pie in the sky. No commercial organisation is going to pay anything for unmeasurable audiences.

There is an alternative, which recently many members of the House of Commons and House of Lords have accepted, and agreed to advocate, in the final Parliamentary debate. It avoids any public expenditure, achieves the greater part of the Annan OBA programme philosophy, and removes the necessity for yet another new authority. It is simply to give the channel to the Independent Broadcasting Authority, require them to appoint a new ITV contractor (totally disassociated financially and managerially from the present contractors) and require that contractor to provide a complementary service to that of ITV1 operating as an OBA.

The major advantages of this compromise solution is that ITV2 would have instant public acceptance and a willingness to sample on the part of the viewing public. ITV1 can be mandated to promote ITV2, there is no risk to the Exchequer and finally, the IBA already exists and has the experience to ensure that the contractor appointed honours in full the opportunities that the OBA concept hopes to create.

If this compromise solution is not adopted I sadly predict that in two to three years of the OBA commencing transmission, the very MPs who voted for its creation in its currently proposed structural form, will be protesting at the scandalous waste of public funds in indulging the few.

E. Stuart Wilson.
Beech House, Crag Lane, Huby, Leeds, Yorkshire.

Restrictions on TV material

From Mr. P. O'Shea

Sir,—Reading your report (July 25, Page 6) about the planned change in rules on the amount of foreign material on ITV, I am amazed that we tolerate such restrictions in a democracy.

We do not have restrictions on what we can read of foreign origin. We do not restrict the importation of foreign films, cars, TV sets, radios and other goods. The market decides how much we shall import. Is this restriction really any different from the jamming of radio broadcasts by certain countries?

What nonsense to talk about giving added scope to the talents working in TV in the UK. The market is the only competent judge of such matters.

P. J. Pace O'Shea.
13, Westchester Drive, NW4.

The status of engineers

From the Secretary, The Institution of Electrical Engineers

Sir,—Kenneth Gooding reports (August 1) that the Bow Group has castigated the engineering institutions for making no "substantial effort to improve the material well-being and status of engineers," and for being "ineffective in anything but the promotion of purely technical discussion." Indeed; but should one criticise a golf club for not running a riding school?

The charter objects of my institution are "to promote the general advancement of electrical science and engineering and their applications and to facilitate the exchange of information and ideas on those subjects . . . and for that purpose to hold meetings . . . publish. . . ."

Promotion of the material well-being of engineers has been the role of other organisations (notably the Engineers' Guild) which have either foundered, or failed to take off, owing to lack of support from the engineers in whose interests they were proposed or created. It is now, by default, the football of unions.

As for status, this must surely result, not from institutions' propaganda (though it may help), but from earning the recognition of merit. It is here, I think, that the institutions deserve criticism, for in my view they have kept standards of qualification too low for far too long. They have sought quantity of membership in preference to quality. My institution recently announced, after long heart-searching, the raising of standards for the qualification of Chartered Electrical Engineers above those set by the Council of Engineering Institutions (CEI). We have been called "unbelievably elitist" for our pains!

The Bow Group also criticises the CEI and, by implication, its member institutions, for opposing the setting up of the Finniston Inquiry. We, for our part, welcome it and, like the Bow Group, we have proposed in our evidence that administration of the qualification, discipline and registration of the engineering profession should be undertaken by an independent authority. We have suggested a statutory body analogous, for example, to the General Medical Council. The profession would thus be accountable, not to itself as at present, but to Parliament through a sponsoring Minister; but perish the Bow Group's idea that the profession should be administered by the Department of Industry!

We have recommended also statutory licensing of engineers, by which we mean the reserving of certain activities to the registered professional engineer. The Bow Group considers registration important, but licensing "something of an irrelevancy." It is easy enough to keep a register, but the standard and control of a profession in the interest of the community it serves depends, in the end, upon the sanctions implicit in the system. It depends, that is to say, upon the effect of withholding or withdrawing registration from an engineer for misbehaviour or incompetence, and of withholding or withdrawing accreditation from an educational establishment for failing to meet acceptable standards. Licensing, by restricting the activities of unregistered persons, would provide the cutting edge of registration.

G. F. Gainsborough,
The Instution of Electrical Engineers.
Savoy Place, WC2.

Running a business

From Mr. A. Beard

Sir,—The Post Office makes a profit of over £1m a day through giving greatly reduced service in return for vastly increased prices. It is in a position to do this and get away with it because it is a monopoly. Yet we have a Monopolies Commission and an Office of Fair Trading expressly to safeguard us from this.

It would be interesting to know what these bodies, together with the other champions of consumer interests in the House of Commons, propose to do about this monstrous piece of exploitation. Those same champions of the consumer interests are quick enough to tell us in the private sector to improve our service and cut our costs, but I for one would be more ready to listen to them if they would set their own house in order first and show an example of how a business ought to be run.

A. L. Beard.
Woodfield, Sparken Hill, Worksop, Notts.

Today's Events

GENERAL

Formula presented to mass meeting for settling paint shop dispute at Chrysler UK's Linwood plant.

General Gutierrez Mellado, Spanish Defence Minister, continues Washington discussions on his country's bilateral defence treaty with the U.S., due to expire in 1981.

COMPANY RESULT

Phoenix Timber (full year).

COMPANY MEETINGS

Brickhouse Dudley, 225, Hagley Road, Birmingham, 12. British Dredging, Royal Hotel, Cardiff, 12. Ferguson Industrial Holdings, Appleby Castle, Cumbria, 11.30. Radiant Metal Finishing, 69, Fairfield Road, E, 12.30. Scapa, Saxon Inn Hotel, Blackburn, 11.30. Smith (David S.), Kingsley Hotel, WC, 12. Tecalemit, 77, London Wall, EC, 12.

OPERA

Glyndebourne Festival Opera perform The Rake's Progress, Lewes, East Sussex, 5.30 pm.

MUSIC

Metropolitan Police band concert, Tower Place, EC3, noon to 2 pm.

Henry Wood Promenade Concerts: London Sinfonietta, conductor Simon Rattle, with Miriam Fried, David Watkins and the BBC Singers, perform Dvorak (Serenade in D minor); Stravinsky (Mass, Violin Concerto, and Agon); and Debussy (Danse sacrée et danse profane), Royal Albert Hall, SW, 7, 7.30 pm.

New Symphony Orchestra, conductor Vilen Tausky, in "Viennese Evening." Royal Festival Hall, SE1, 8 pm.

SPORT

Golf: Colgate women's tournament, Sunningdale: PGA under-23 match play championships, Belfry. Tennis: British junior championships, Eastbourne. Show jumping: Hickstead meeting. Yachting: Cowes Week.

Hoover midway profits cut to £3.8m in difficult trading

FOLLOWING lower first quarter profits of £2.4m, against £3.66m, difficult trading conditions and fierce competition affected Hoover in the second quarter and pre-tax profits were down from £7.68m to £3.82m at the end of the first six months of 1978.

However, turnover improved in the second quarter and at mid-way was £95.1m, close to the £95.22m in the same period last year.

The pre-tax profit comprises trading profits of £2.89m (£7.85m) and exchange gains of £926,000 (£177,000 losses).

The improved turnover level in the second three months was achieved only by means of considerable promotional expenditure, the directors say. It appears the recent rise in consumer spending is now beginning to benefit the industry and it is hoped tax reductions will help to sustain this trend.

An improvement in sales and profitability is now being seen in some countries including France, Italy and South Africa and the outlook in Australia is more promising.

	First half 1978 £000	1977 £000
Sales	95,101	95,216
Hoover Holland	509	481
Trading profit	2,897	[illegible]
Exchange gains	926	*177
Profit before tax	3,823	7,675
U.K. tax	1,036	3,156
Overseas tax	156	637
Hoover (Holland)	141	201
Net profit	2,491	3,681
Dividends	1,114	1,114

After tax of £1.33m (£3.99m), earnings per 25p share are shown as 13p (19p).

In the light of the trading results, the directors have given careful consideration to the level of interim dividend but after taking into account past restrictions on dividends and the high level of retained earnings, it was decided to maintain the interim dividend at 3.61p. Last year's total was 14.82p from a pre-tax profit of £12.24m.

See Lex

P. Black record £1.94m

A SECOND HALF profit of £0.94m against £0.63m lifted pre-tax profits of **Peter Black Holdings** to a peak £1.94m for the April 30, 1978 year, compared with £1.43m last time. Turnover was ahead by over £5m to £22.66m.

At the interim stage, directors of this footwear and luggage manufacturing concern said the order position was healthy and that they faced the future with confidence.

Stated earnings per 25p share are 22.35p (17.53p) and the dividend total is stepped up to 6.42p (5.75p) net, with a final payment of 4p.

Little change at Clarke Nickolls so far

Pre-tax profits of **Clarke Nickolls and Coombs**, property investment and development company, were little changed for the first half of 1978 at £158,689 against £155,337. For the full 1977 year profit was £315,596.

Net rents and fees for the first half totalled £191,785 compared with £140,840 and dividends and interest received came to £20,916 (£30,110). However, there was a trading loss of £12,522 (£24,514 profit) which arose because although no disposals of development property took place in the period, professional fees were incurred and, in accordance with usual practice, these were not capitalised.

Also taken into account in the pre-tax figure are general expenses £31,190 (£29,613) and long-term interest of £10,300 (£10,314).

Tax for the half-year took £40,000 (£53,000) and minorities £2,181 (£5,214), leaving attributable balance ahead at £116,508 against £97,123.

River Plate & General improves

After tax of £144,967 against £146,789, revenue of the **River Plate and General Investment Trust Company** improved from £261,726 to £285,360 for the half-year to June 30, 1978. For all 1977, the figure was £531,310.

Gross revenue for the period was better at £524,898 (£490,178). Earnings per 25p deferred share are 3.39p (3.29p) and the interim dividend is stepped up from 1.5p to 1.75p net—directors say present estimates indicate that the final should at least be maintained at 4.75p.

Net asset value at June 30, 1978 is shown as 197.22p (168.24p) per share.

Mr. Peter Boon, chairman of Hoover . . . fierce competition and difficult trading drag down profits in first six months.

HIGHLIGHTS

The consumer boom is apparently bypassing Hoover for, after the dreadful first quarter the best that can be said about these figures—profits halved at the interim stage—is that volume was maintained in the second quarter. At the AGM **Reed** revealed details of further substantial disposals and a moderate improvement in trading in the first quarter. Lex also takes a look at the stock markets following very active trading on Wall Street and the Financial Times All-share index hitting a new peak. Elsewhere, Vantona has turned in profits slightly higher in a difficult textile sector while it has also made a bid approach for **Compton Webb Group**. Profits at **Waring and Gillow** are 30 per cent higher, reflecting strong growth from the retail outlets and a turnround on the clothing manufacturing side.

J. Austin falls to £768,504

A REDUCED turnover in its steel division, where export sales declined due to the unfavourable movements in sterling value, meant that taxable profits of **James Austin Steel Holdings** dropped from £857,908 to £768,504 for the year ended March 31, 1978.

When reporting lower first-half profits of £406,025 (£523,786), the directors said no major improvement in demand or in profit margins was anticipated in the near future, but it was likely that the full-year profit would be comparable with 1976-77.

Mr. E. G. T. Firth, the chairman, now says he feels the 1977-78 result compares satisfactorily with last year in the light of the trading conditions experienced during the year.

The directors are optimistic that the company's vigorous efforts to increase sales and penetrate, even more widely, into world markets will bear fruit and maintain its progress, he adds.

Turnover for the year fell from £11.94m to £10.75m and trading profits were down at £724,855 (£757,489), before lower interest received of £43,649 (£80,419).

After tax of £394,716 (£436,273), net profits declined from £401,635 to £373,788, representing earnings of 12.46p (13.39p) per 25p share. The dividend total is stepped up from 5.27185p to 5.92p net, with a final of 3.67p.

Dividends absorb £177,600 (£158,130) leaving retained profits of £196,188 (£243,505).

Bollington Textile downturn

Profits of **Bollington Textile Printers**, a subsidiary of Great Universal Stores, were down from £114,920 to £81,105 in the year ended March 31, 1978, before tax of £39,113 against £46,845.

The dividend on the ordinary shares absorbs £14,000 (£36,000).

Increased liquidity for Maurice James

Maurice James Industries is considering ways of bringing the company's share price more into line with the realisable value of assets.

According to Mr. L. M. James, the company chairman, in his address to shareholders yesterday, the share price—13½p—does not adequately reflect the true value of the company. He did not disclose what measures are being considered and yesterday Mr. W. H. D. Jenson, the finance director, would not be drawn on the plans.

"Although we have achieved the forecast which was made to shareholders at the time of the merger between York Trust and Maurice James Holdings, it was anticipated that trading results would be even more satisfactory," Mr. James said. The problem was the engineering subsidiaries which, after an encouraging start slipped a little in the second half.

Terms have been agreed for the sale of the Joshua Bigwood and Son subsidiary and certain loss-making activities of Marcroft Engineering have been closed. Certain assets which were not producing any positive return have also been sold.

"The transactions already completed or under contract, together with the Bigwood sale will realise approximately £1.2m, which will improve very substantially the liquidity of your group," Mr. James said.

Revenue up at River & Mercantile

Gross revenue of **River and Mercantile Trust** improved from £994,968 to £1.12m in the first half of 1978. Tax charge is £305,990 against £306,469.

The interim dividend is stepped up from 3p to 3.5p—last year's total was 8.125p.

Earnings per 25p share are shown at 4.82p (4.19p) and net asset value is 222.65p (196.64p).

Celtic Haven uncertain about profit growth

AFTER A year of further improvement, **Celtic Haven** is still going through a period of development, Mr. M. Sheppard, the chairman, says in his annual statement.

Therefore it may not be possible to show an increase in profits during the current year, he tells shareholders of the West Wales-based marine engineer, supplier of ancillary services to the Celtic Sea off-shore oil industry and arable farmer.

The negotiations for the proposed merger with Hancocks Shipbuilding Company (Pembroke) have been terminated following the appointment of a receiver to that company, Mr. Sheppard adds.

Since the year end some 60 acres of surplus land at Barn Lake, Burton, Dyfed, has been sold at £83,500, improving the liquidity and gearing ratios.

As reported on July 10 group pre-tax profit rose from £101,068 to a record £109,357 for the year to March 31, 1978. The net dividend for the year was raised from 0.29316p to 0.323p per 5p share.

The year under review was the first time all the operating companies reported trading profits, Mr. Sheppard says.

In the marine engineering and steel fabrication division, Barn Lake Engineering had a successful year recording the highest profit since its formation. The Celtic Haven board is now satisfied that this company is well able to operate under its own management.

A substantial contract for a deck cargo barge has been received from Davy Powergas, and this with other work on hand should ensure a useful contribution to group profits in the current year.

In the oil exploration services and marine terminal division, reduced oil exploration—with drilling activity taking place for only a relatively short period—cut the profit of Celtic Sea Supply Base. Further drilling is expected in the area later this year and in due course the five oil companies which now hold Celtic Sea drilling concessions in the fifth round will be obliged to drill.

It is still therefore too soon to predict the likely outcome of exploration in the area.

The facilities provided at the base as well suited to other activities and directors are seeking to extend the range of services and customers.

This diversification should be helped by the developments on the neighbouring waterfront by B. and I. Ferries—who are to operate their new service from Pembroke dock—and also by the major extensions to the Texaco, Gulf and Amoco refineries.

In farming, profit of Little Haven Farms was affected by the substantially reduced potato prices, Mr. Sheppard says.

The results for 1978-79 are also not encouraging partly owing to the relatively high costs of seed, but mainly to the late planting and lifting due to the wet weather and low and uneconomic prices. Steps have been taken to reduce seed costs and the bright spot is the steady improvement in the value of the land.

Turnover and pre-tax profit of the main group activities in the past year were: Marine engineering and steel fabrication £1,825,551 and £87,874 (£853,178, and £93,717 loss); Oil exploration and marine services £401,573 and £5,226 (£821,492 and £103,593); and farming £132,162 and £16,257 (£179,810 and £91,192).

Meeting, Dyfed, August 31.

John James rises to £3.4m—boost from industrial side

PROFITS BEFORE tax of the **John James Group of Companies** have topped £3m for the first time, rising 19 per cent to £3.36m for the year ended March 31, 1978.

The industrial side also continued its expansion and pre-tax profits were up 27.3 per cent to £2.29m. Turnover of this group rose from £17.38m to £22.42m.

Total investment income increased from £1.08m to £1.25m and is steadily rising in the current year, the directors say. The group is maintaining its strong financial position and profitability and should continue steady progress.

Earnings per share are shown as 9.28p (8.02p) and 6.32p (5.32p) based on the theoretical maximum tax charge.

The final dividend of 1.591p makes a total of 2.746p compared with 2.45875p previously. Mr. John James, the chairman, says he firmly believes the paying of dividends from franked investment income is fully justified.

The aim each year is to increase franked investment income which will enable dividend increases without incurring ACT. This pool is now sufficient to cover increases for a few years ahead and allows continued growth of the industrial group to be largely financed by profit it generates.

	Year 1977-78 £000	1976-77 £000
Investment income	1,246	1,084
Quoted investments	1,158	1,001
Unquoted	10	9
Interest receivable	78	74
Trading profit	2,731	2,292
Expenses	131	165
Bank interest	309	455
Profit before tax	3,357	2,816
Deferred tax	326	182
Income tax	395	352
Net profit	2,633	2,282
Extraordinary credits	208	21
Minorities	18	21
Attributable	2,823	2,282
Dividends	710	622
Retained	2,113	1,660
To capital reserve	225	39
Forward	6,489	4,601

● comment

Preference shares now account for more than 85 per cent of John James' investments income from which showed a 15 per cent increase despite a reduction of £800,000 in the portfolio. Shareholders admittedly receive their returns entirely from franked income but the group has long since become more than a simple investment vehicle. Trading profits from the industrial activities rose 20 per cent with pump and pipe interests leading the way, on a 30 per cent gain in sales. Expansion, meanwhile, is planned on the plastics side where Mendle Brothers made a first time contribution to the year just ended. James is buying a Bristol-based company with long-term potential in high tolerance products. With the purchase financed from first quarter profits the group's balance sheet is sounder, £840,000, though it is still high at £4.3m. Nevertheless the shares at 50p are still not expensive standing on a p/e of 3.2, and yielding 8.6 per cent.

East Lancs Paper up at half way

THE DIRECTORS of **East Lancashire Paper Group** say that despite the continuance of weak markets, pre-tax profit, up from £636,000 to £708,000 for the first half of 1978, is well up to expectations. Turnover for the period was virtually unchanged at £14.52m. Profit for the whole of 1977 was £1.15m.

The measures taken to achieve a turnround at the group's ailing subsidiary, Waldorf Stationery and Greeting Cards, have yet to be proved adequate, they state, but there are signs that they are taking effect.

	Six months £000	£000
Turnover	14,519	14,314
Profit before tax	708	636
Tax	368	330
Net profit	340	306
Reorg expenses	78	—
Minority interest	4	4
Available	258	302
Dividends	82	74
Retained	176	228

The result of the worldwide fall in stocks of pulp and paper is leading to a hardening of prices, and while demand will continue to be governed by the general lack of activity, it is anticipated that second-half results will not be far from those of the first.

Net profit came out at £340,000 (£306,000) after tax of £368,000 compared with £330,000 but there were reorganisation expenses, for the six months, after tax, of £78,000. Thus, after minorities, £4,000 (same) the profit available emerged lower at £258,000 against £302,000.

Earnings per 25p share are down at 4.7p (5.5p). The interim dividend is increased from 1.352p to 1.500p net—last year's final payment was 1.948p.

F. Wrighton in good position

In his annual statement, Mr. K. S. Wrighton, the chairman of **F. Wrighton and Sons (Associated Companies)**, expresses confidence that the group is in a *position* to hold its own in difficult trading conditions, to fight for a greater share of the market against fiercer competition, and to take full advantage of the market upturn when it arises.

He explains that the group has now extended its range of products both in terms of design and price to give full coverage through the middle to top-end of the market.

The recent introduction of a new marketing image and house style as well as a change in advertising approach has been well received, he adds.

There are also plans to effect major changes in manufacturing techniques of the group's products thereby achieving greater efficiency through rationalisation and improving its competitive edge, Mr. Wrighton states.

However, he says this will take time to implement and the full effect will not be felt until next year.

As reported on July 12, taxable profits fell from £348,000 to £328,000 for the March 31, 1978, year, on higher turnover of £8.61m (£8.33m). Exports amounted to £522,000 (£203,000).

Success in Belgium has been most heartening, says the chairman, but penetration into other *European countries* has been slower although the directors are confident that work which has already been carried out will prove to be of benefit in the future.

During the year, the loss by the French company continued to drain the group's resources, although a reorganisation and change of policy mentioned last year has begun to take effect. Neverthless, the move towards profitability here is taking longer than expected, Mr. Wrighton points out.

Meeting, Brampton Works, E, September 5, noon.

Half-time advance by Witter

WITH SALES higher at £13.02m against £11.28m, pre-tax profits of **Thomas Witter and Co.**, manufacturer of floor and wall coverings, advanced from £442,512 to £637,076 for the half-year to May 31, 1978.

When previewing current year prospects in the last annual report, the directors said the outlook at home was encouraging, while inquiries and order book levels provided them with good grounds for confidence that the year would produce a significant increase in profits.

For the whole of the 1976-77 year, profits were down from £1,123,273 to £878,387.

First-half tax took £379,355 (£242,422) including £13,353 overseas tax. After a minority loss of £7,996 against a £12,657 profit, attributable profits rose from £187,433 to £265,717.

The net interim dividend is 0.67p (0.66p) per 25p share, costing £58,060 (£58,080)—last year's final was 2.4844875p.

The directors are to dispose of the assets of the Australian subsidiary, Balatum—in aggregate these are expected to realise the book value.

Second half profit for G. M. Firth

G. M. Firth (Metals) eliminated its first half loss of £29,000, against a £155,000 profit, and finished the March 31, 1978, year with pre-tax profits of £29,661, but still down from the £198,543 previously. The directors say that results reflect the difficult trading conditions of the past year.

Turnover was slightly down at £7.69m compared with £7.93m; at the interim stage, with turnover down to £3.72m (£3.88m), directors stated that the steel industry throughout the world remained very depressed and that group sales were not likely to recover significantly until markets improved.

Net profit came out at £14,735 (£93,543) after tax of £14,926 against £105,000 and the result was boosted by an extraordinary credit of £288,640 (£117,808).

Earnings per 10p share, before extraordinary items, are shown as 0.35p (3.5p) and 11.37p (7.92p) after the same items. A final net dividend payment of 2.5p (2p) is the total for the year, against 4p last time.

Increase at Law Debenture

GROSS REVENUE advanced from £665,279 to £699,737 at the **Law Debenture Corporation** and after expenses and interest amounting to £225,022 against £234,047, the pre-tax figure was ahead from £431,232 to £474,715 for the first half of 1978.

After corporation tax of £74,514 (£65,827) and £112,375 (£105,253) tax on franked income, net revenue was up by £27,174 to £287,326.

The net interim dividend is lifted from 1.5p to 1.75p per share, costing £198,450 (£166,254). The directors expect to at least maintain the final—last year's 3p was paid from £553,000 net revenue.

On July 5, 1978, the company borrowed US$1m for a five-year period and the proceeds of the loan have been used to refinance some of its premium currency securities in the U.S.

Net asset value is shown at 126.1p (121.7p at year-end) per 25p share.

Philip Harris confident of improvement

WITH A promising order intake both at home and overseas for the year to date and with still better productivity, Mr. N. H. Russell, chairman of **Philip Harris (Holdings)**, says the group can look confidently for improvements in profits for 1978-79.

He says that the advance in *pre-tax profit from £0.60m to £0.7m in the March 31, 1978, year* can be considered satisfactory.

He says in his annual statement that it was disappointing that for the first time in some years exports declined in the year, showing a 17 per cent fall. This would have been less but for delays in obtaining letters of credit.

In May this year the group won a £5.4m contract for equipping science and engineering laboratories in 10 Indonesian universities.

Home sales of educational equipment last year showed a 48 per cent rise despite cuts in educational expenditure. The improved results in the second half came through increased sales, but more especially in the last three months through increased productivity.

The medical company raised turnover despite increasingly intensive competition, but it was disappointing that shrinking margins, more stringent supplier terms and rising distribution costs resulted in a lower profit.

Arrangements have, however, recently been concluded which will increase the range of its industrial medicine section. A new catalogue will be ready for issue in September which will be particularly relevant to this buoyant market, he says.

Mr. Russell points out that increased home sales, particularly in the final quarter, and delays in obtaining money from overseas, account for the rise in debtors from £1.80m to £2.54m in the year.

Forward purchases at year end to deal with a large order intake and a build up of export goods awaiting finance clearance are also reflected in the increase in stocks from £1.62m to £2.27m. This resulted in a rise in bank overdrafts from £0.55m to £1.26m and directors are actively engaged in dealing with these problems, he adds.

At year end net current assets were £1.86m (£1.35m) and fixed assets £0.76m (£0.73m).

Meeting, Baron's Court Hotel, Staffs, August 24 at noon.

Increase for Best & May

Following the rise from £92,800 to £138,240 in the first half, profits before tax of **Best and May** improved from £247,778 to £308,651 in the year ended April 30 1978.

In their interim report, the directors said it should not be assumed that growth would continue at the same level as that experienced during the first six months, due mainly to fluctuations in export business.

Earnings per 10p share are given as 8.45p (8.49p adjusted) and the final dividend is 2.2124p *making a total of 3.0769p* compared with 2.7252p previously.

The group trades as stockists and *distributors of* electrical equipment and plant.

	Year 1977-78	†Year 1976-77
Profit before tax	308,651	247,778
Tax	116,833	78,023
Net profit	191,819	169,755
Pre-acquisition profits	1,704	—
Attributable	190,114	169,755
Dividend	69,230	59,781

† Restated in respect of corporation tax and earnings per share.

Tace falls to £0.21m at midway

ALTHOUGH TURNOVER rose from £6.26m to £6.66m, taxable profit of Tace, electrical, electronic and mechanical controls group, fell from £272,000 to £207,000 in the March 31, 1978, half year.

Directors say severe foreign competition affecting its Dutch companies was more prolonged than expected and this—along with a recession in certain sectors of the U.S. economy—resulted in the overall downturn.

Results of the UK companies showed satisfactory progress with profits some 25 per cent higher. Directors say an extensive management reorganisation in its Dutch companies should produce tangible results in the next financial year, while the encouraging trend in the UK companies should be maintained.

After tax of £30,000 (£100,000), minority interests of £15,000 (£35,000) and extraordinary losses of £30,000 (£51,000), attributable profit of the group came out ahead from £86,000 to £132,000. Interest took £153,000 (£165,000).

The interim dividend is held at 0.5p net per 10p share, and absorbs £23,000 as does the preferred ordinary dividend. Last year a 0.75p final was paid on total profits of £0.58m.

Minet Leasing set for growth

Minet Leasing Services, part of the quoted Minet Holdings company, is set to double its income in 1978 according to managing director Mr. Neville Hoad.

Minet Leasing started operating two years ago offering lease broking facilities. In the first full year to December 1977 net fee income amounted to £108,000 and profits were £28,000. However, a profit margin of a third would be expected now that the company has really got under way.

So far all its income has been derived from brokerage, but the company is developing towards more consultancy work.

At present there are six groups (two banks and four large industrial concerns) which are informally using Minet on a consultancy basis.

Most deals arranged are for amounts of £½m or so and to date its largest single operation where it acted as intermediary was some computer hardwear for the aircraft industry amounting to £2½m.

It is currently in the midst of another deal of twice that size—again computer hardwear, but this time in the financial sector.

Minet Leasing only employs eight people and makes its impact by concentrating on complicated leasing and financing packages. It claims to be leader in the field of using specialist computer programes for financial analysis in comparing leasing proposals.

Revenue rise for Govett European

From total income of £1,268,545 compared with £992,855, available revenue of Govett European Trust rose from £440,271 to £498,692 for the year to June 30, 1978.

Revenue was struck after expenses and interest amounting to £263,679 (£136,945) and tax of £506,174 (£418,139). Earnings are 2.49p (2.2p) per 25p share.

A single dividend of 1.8p (same) net has already been paid. Last year's net revenue was £426,000.

Net asset value is shown as 98.1p (82.5p) per share.

NEW UNDERWRITING VENTURE

It has been agreed between Mr. G. E. Oatley and Greig Fester that a joint reinsurance underwriting venture will be established to underwrite London market business on behalf of a selected group of Insurance Companies.

This announcement follows Mr. G. E. Oatley's recent resignation from Sphere Drake Underwriting Limited and from his other appointments within the Alexander Howden Group of Companies.

A further announcement will be made in due course.

Waring & Gillow expands to peak £3.6m

AS FORECAST, Waring and Gillow (Holdings), furnishing and clothing group, announces record pre-tax profits for the March 31, 1978, year of £3.6m compared with £2.76m, on turnover, net of VAT, of £44.93m against £39.78m.

At halfway directors reported profits ahead from £1.03m to £1.44m and forecast record profits for the full year.

	1977-78 £	1976-77 £
Turnover*	44,934,846	39,779,495
Furniture	36,297,543	33,161,592
Clothing	8,637,303	7,617,903
Def. profit prov.	94,486	143,379
Pre-tax profit†	3,600,098	2,759,147
Furniture	3,482,120	2,904,452
Clothing	117,978	345,305‡
Tax	1,191,098	1,348,481
Available	2,408,292	1,410,666
Dividends	478,394	428,640

* Net of VAT. † After depreciation, etc. ‡ Loss.

Pre-tax figure for the year was struck after a transfer of £94,486 (£143,379) to deferred profit reserve, and was subject to a tax charge of £1.19m against £1.35m last time which included deferred tax provision: net profit came out £1m higher at £2.41m.

The group has a provision for deferred profit carried forward of £1.26m (£1.17m).

Earnings per 25p share are shown as 17.24p (10.07p) and the dividend is effectively increased to 3.58876p (3.21350p) with a final of 2.518208p net. Also proposed is a one-for-10 scrip issue.

The directors state that in the case of one subsidiary, the preference capital amounting to £200,000 is held by outside interests and the dividend of £7,700 (same) has been paid.

● comment

Waring and Gillow's results look impressive. Despite the depressed state of the furniture market the company has managed to improve profits from its retail outlets by close to a quarter and with a turnround into the black from clothing manufacturing, overall profits are up by 30 per cent. The furniture division's sales increase of 13 per cent outpaces the industry figures, which indicate an advance of about 8 per cent over the same period. But volume must have been static judging by the 17 per cent rise in the retail price index for furniture and carpets in 1977. Still, the increase in margins from 8.7 to 9.6 per cent (on furniture) is good going. The closing of two factories has been a key factor in the clothing side's turnround and a continued recovery is on the cards for this year, though this division is a long way from the profits of over £700,000 made in 1974-75. The upturn in consumer spending is beginning to show through and Waring appears capable of producing another good profits rise this year. However, at 128p, where the p/e is 7.3 and the yield 4.3 per cent covered 4.8 times, the shares are already taking note of prospects.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—British and American General Trust, Scottish United Investors.

Finals—Phoenix Timber, Watshams.

FUTURE DATES

Interims—	
Allied Insulators	Aug. 24
Bridon	Sept. 14
De Beers Consolidated Mines	Aug. 22
De Beers Industrial	Aug. 22
Dickinson Robinson	Sept. 20
Early (Charles) and Marriott (Witney)	Sept. 29
Glynwed	Aug. 9
Pye Holdings	Aug. 18
Slough Estates	Aug. 30
Finals—	
Clifford and Snell	Aug. 7
Newmark (Louis)	Aug. 15
Smith Whitworth	Aug. 11

Midland Trust expands

After tax of £112,131 (against £99,532), profits of Midland Trust expanded from £185,575 to £220,367 for the year to June 30, 1978.

A final dividend of 3.082p net raises the total payment from 3.6p to 4.402p per 25p share.

Net asset value per share is given as 108p (87p).

Thorn capital spending to rise

GROWTH at Thorn Electrical Industries will follow the increasing level of capital expenditure, this year totalling £131.8m—the UK taking £104.6m and overseas £27.2m, says Sir Richard Cave, chairman, in his annual report.

The group is also undertaking detailed investigations with the view to expansion by acquisition in the U.S. and Europe and for developing a presence in the Far East, the chairman says.

Studies are being made on the group's future role in microelectronics as directors are alert to the impact of that technology on product ranges in the future.

Cash flow and gearing continue to be satisfactory and the controls on working capital have contributed to a largely unchanged borrowing level, despite the impact of inflation.

As reported on July 8 with plans for a U.S.$25m Eurobond issue, profits before tax for the year ended March 31, 1978, rose from £101.9m to £110.3m on turnover of £1.09bn (£992m). The dividend is 11.45p (6.65p).

Internal management figures indicate that if the Hyde proposals were adopted the increased dividend would be covered at least 2.6 times by profits before extraordinary items.

Joint auditors to the group, Maurice Thompson and Company, have resigned with effect from the end of the annual meeting, but the senior partner said later it was a personal decision taken near retirement age and after many years with Thorn.

The firm would continue to act as auditors to the Thorn subsidiaries, he said.

Whinney Murray and Company, the other joint auditors, have intimated their willingness to continue in office as sole auditors.

Meeting, The Dorchester, W, September 8 at noon.

Downturn at Allan Kennedy

For the February 28, 1978 year taxable profit of Allan Kennedy and Company was £152,447 compared with £153,162 in the previous 11 months. Sales were £1.44m against £1.17m.

Tax takes £78,074 (£71,200) and earnings per 25p share are shown at 9.30p against 10.25p. The final dividend of 1.787p net leaves the total unchanged at 2.687p. The company is 97.06 per cent owned by Ferguson Industrial Holdings.

Horne Brothers

Turnover of Horne Brothers, general outfitters, amounted to £7.11m for the 28 weeks to March 25, 1978 and profits were £492,000 before tax of £256,000.

Due to the change in the year end, comparable figures are for the 34 weeks to September 10, 1977 and show turnover of £15.78m and profits of £1.1m.

As previously stated, the directors anticipate that the full year's results will be depressed by the exceptional start up costs of a new manufacturing factory and the acquisition of additional retail sites.

Profit for 28 weeks is after £160,000 depreciation and £50,000 interest.

Wm. Ransom ahead by £84,000

A second-half £37,316 increase to £397,379 lifted pre-tax profits of William Ransom and Son to a record £629,379 for the year to March 31 1978, against £545,063 last time. Turnover advanced from £1.98m to £2.54m.

In their interim statement the directors reported profits of £232,000 (£185,000) and said they expected second-half profits to be similar to the comparative period for 1976-77.

Net profit for the year came out at £357,610 (£286,474) after a tax charge of £271,769 against £258,589.

The dividend payout is stepped up to 3.1363p (2.7927p) net with a final of 1.9747p. Ransom is a manufacturing chemist.

Trident Life Assurance

Buoyant new business in the first quarter of its current financial year which started in April, is reported by Trident Life Assurance Company, a member of the Schlesinger Group. New annual premiums at £862,000 are 50 per cent higher than in the corresponding period last year, with strong sales of individual savings plans. Single premiums sales at £3.2m maintained the very high level of 1977, with invested being predominantly in the property fund.

Mr. Alan Roberts, the general manager, points out that all sides of the business are doing well and the company has carved out a strong position in the unitlinked assurance market. This excellent result demonstrated the growing dynamism of the sales force and the tremendous support received from brokers.

CITY OF LONDON BREWERY INCOME

Owing to an agency error the gross income figures of the City of London Brewery and Invest. Trust were incorrectly reported in Thursday's paper. The correct figures are £2.52m for the June 30, 1978, year and £2.29m for the previous year.

BANK RETURN

—	Wednesday Aug. 2 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	25,544,752	+ 4,273,129
Special Deposits	435,950,000	— 435,925,000
Bankers	353,268,848	— 7,747,811
Reserves & Other Acs	591,325,363	— 89,520,390
	1,419,641,963	— 528,920,072
ASSETS		
Govt. Securities	983,186,088	— 312,150,000
Advances & Other Accs	224,173,731	— 136,148,400
Premises, Equip't & other Secs	209,587,659	— 60,721,193
Notes	2,486,846	— 19,890,879
Coin	207,639	— 9,600
	1,419,641,963	— 528,920,072
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,650,000,000	— 75,000,000
In Circulation	8,647,513,154	— 55,109,121
In Bank'g Dept	2,486,846	— 19,890,879
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,221,997,578	— 12,091,531
Other Securities	1,416,987,322	— 62,908,469
	8,650,000,000	— 75,000,000

Reed £1m ahead so far as interest bill falls

WITH OPERATING profits unchanged at £30.2m and interest charges £1m lower, pre-tax profit of Reed International advanced in the first quarter to June 30 from £20.5m to £21.5m.

Sales were slightly ahead from £394.5m to £397.9m with UK operations making up for a shortfall of sales from overseas operations. The shortfall was partly owing to sales foregone following the shutting and selling of loss-making operations in Canada and partly because of relatively slack market conditions in Canada, Europe and Australia.

Mr. Alex Jarratt, the chairman, said while announcing the figures at yesterday's AGM that all UK divisions were ahead of the same period last year with only the decorative products side, WPM, producing materially lower figures than in the final quarter of 1977-78. This was largely owing to its customary seasonal trading pattern.

Associate contributions in the period were cut from £3.4m to £1.1m, with the level affected both by divestments last year and poor pulp market conditions which affected the joint venture companies in British Columbia.

	Three months June 30, 1978	June 30, 1977
Sales	397.9	394.5
U.K. exports	236.0	217.8
Overseas	161.9	176.7
Trading profit	29.1	26.8
Associates	1.1	3.4
Operating profit	30.2	30.2
UK	22.6	19.8
Overseas	7.6	10.4
Interest	8.7	9.7
Profit before tax	21.5	20.5
Taxation	13.1	12.6
UK	9.8	8.0
Overseas	3.3	4.6
Net profit	8.4	7.9
To minorities	1.2	1.6
Attributable	7.2	6.3

As reported in later editions of yesterday's Financial Times, these joint venture interests are to be disposed of for $60m cash to Canadian Forest Products. Also, as reported, its Canadian offshoot Reed Paper recorded a C$2.2m net loss in its second quarter to June 30 compared with C$2m in the previous year. It was however a reduction from the C$4.5m loss of the first quarter. Only the first quarter results of Reed Paper are included in the Reed International figures, although Reed hopes to move to mutual balance dates for all operations in 1979-80.

Reed Paper directors see the $60m sale as a major step in its restructuring. A considerable proportion of the funds will be applied to reducing bank indebtedness, which at July 1 stood at $43.2m. Total long term debt was at the same time $143.7m. The sale will improve cash flow and strengthen the balance sheet, they say.

The book value of the investment in the companies—Prince George Pulp and Paper and Intercontinental Pulp Company, and through them Takla Forest Products—is $28.5m and in 1977 Reed Paper's share of profits was $6m, while in the first half of this year it had been cut to $1.8m. No dividend has been received since July 1977 and directors say the past and projected cash flows available are considered inadequate to justify retaining the investment.

Mr. Jarratt said the original interest in British Columbia was concerned with ensuring supplies of sack kraft and kraft pulp for Reed's UK paper-making and packaging operations, but since the reductions in UK paper making and a major expansion of waste-based fibres, supplies from these mills no longer necessitate Reed continuing as a shareholder.

Gina Genna

Mr. Alex Jarratt, chairman of Reed International, first quarter sales in the UK offset declines elsewhere.

Existing supply agreements and financial support arrangements will be restructured following the sale to CFP. CFP already holds the remaining 50 per cent of Prince George's capital and a 37.5 per cent share of Intercontinental. Feldmuhle of West Germany holds the remaining 25 per cent.

Mr. Jarratt said the sale, along with the proposed disposal of its 63 per cent share of Reed Nampak of South Africa and its South African building products companies will significantly reduce Reed's debt and its debt-equity ratio. At year end shareholders funds were £336m, loan capital £377m and net short term borrowings £7m. Mr. Jarratt said the group's indebtedness had not increased since balance date and it still retained large resources of cash and unused bank facilities.

As reported last week, Reed is well advanced in the process of selling the South African operations. Directors hope to structure the Nampak sale in such a way as to relieve Reed of its debt burden as well as provide a substantial quantity of cash. Nampak's first half profits this year were R9m with Reed's share R5.6m.

The chairman said that an important consequence of the Nampak sale would be a significant reduction in its hard currency exposure. While bearing in mind doubts about the longer term strength of sterling—particularly in relation to the harder European currencies—the group was actively pursuing further ways of reducing its potential exposure and was confident of meeting some success during the year.

On the first quarter sales in the UK, he said the only significant exception to the overall 8 per cent increase was the decorative products side, where the shortfall was largely accounted for by the discontinued retail and cash-and-carry activities. Useful gains were made by Reed Group both in paper and packaging; at IPC where sales increased overall despite a sluggish start to some consumer advertising and Price Commission constraints; and Reed Building Products, where the market for its bathroom products "lifted off."

Again because of unrelieved losses overseas, the tax charge was high at £13.1m (£12.6m) and net profit after minority interests of £1.2m (£1.6m) was £7.2m (£6.3m). Earnings per £1 share are shown at 6.4p (5.6p). The tax rate is expected to fall as overseas losses are reduced.

Looking to the remainder of the year Mr. Jarratt said there was some encouragement in the current level of UK consumer spending. The group will have the benefit this year of either having eradicated or turned round operations that have recently diminished its good performance elsewhere. More important is the prospect of a reduction in debt and its exposure to currency movements. Last year there were currency losses of some £30m on overseas debt and assets.

Following disposal of the joint venture investments, Reed Paper's principal assets will consist of the Quebec newsprint mill, the pulp and paper mill at Dryden, Ontario, chemical and pigment manufacture, lineboard and corrugated operations in Toronto and Montreal, flexible packaging operations in Winnipeg, Manitoba and Roseville, Minnesota and Reed Lumber Company a lumber distributing business.

In South Africa, Reed will have the Stangar mill, which has made operating profits in each of the last four months and has a much improved order book.

At the AGM, Mr. David Hopkinson, who heads the investment side of the big M and G unit trust group, expressed general support for the Reed board and for its action reducing the dividend to what it was hoped would be a new platform from which progress could be made in future. M and G had, he added, raised its shareholding in Reed from somewhat over 1 per cent to more than 4 per cent.

Chloride makes a good start

A GOOD start to the current year has been made by **Chloride** Group, battery manufacturer, Mr. Geoffrey Hawkings, the chairman, told members at the group's annual meeting.

He said that European and British operations were doing well but operations in Australia were still unsatisfactory, although they were improving.

In the U.S., he added, there was pressure on profit margins, but business there was moving forward at an encouraging rate.

As known, Chloride turned in pre-tax profits of £25.07m for the March 31 1978 year on sales of £306.2m.

Following are extracts from other annual meetings held yesterday:

Culter Guard Bridge

Culter Guard Bridge Holdings: Costs were increasing, not only due to inflation but also to the recovery of the woodpulp market which had become much firmer in recent weeks.

Against this the fine paper market had strengthened during the summer—in particular the demand for coated papers had been brisk.

The prospects, therefore, of being able at last to bring prices up to a more realistic level seemed good, the chairman said.

Valor

Valor: Mr. M. Montague, chairman, said that the first four months had confirmed the trend experienced since November when gas cooker and heater sales showed a decided upward swing. The current order book for gas heaters and cookers was well up on the same period last year, he added.

More than 25 per cent of factory capacity remains unused and directors were actively looking for new products to utilise this space. The strength of cash flow allowed the company to finance expansion, advertising and campaigning through normal resources, he stated.

The directors look for a further progressive year both in the home market and overseas.

On the industrial catering side, the chairman commented that Moorwood Vulcan was reflecting some of the considerable promise predicted and was on the verge of signing what he believed to be the largest catering equipment order ever to be received in Britain.

Triplex Foundries

Triplex Foundries Group: "With the first quarter of the current year under our belt, we are at the moment holding our own and there are indications of a slight improvement from some sectors of industry," said Mr. Ron Harrison, the chairman.

Be'haven Brewery

Belhaven Brewery: The company had reached agreement to acquire the Ashpoint group, a specialist producer of packaging for the brewery, catering and service industries, said Mr. Gordon Currie, the chairman.

Initial consideration would be £175,000 to be satisfied by the issue of £364,583 Belhaven ordinary shares plus a further sum in 1981 dependent upon the level of future profits.

Net assets amount to some £150,000 with pre-tax profits in the year to March 31, 1978, of £70,000.

The group's brewery division continued to show an increase in sales, he stated, regardless of inclement weather, and he envisaged a satisfactory profit for the half year to September 30.

Christy Bros.

Christy Bros.: Current trading was buoyant Mr. Michael Abbot, chairman, said, and, with an improved order book, the directors had sound reasons to believe that, in the absence of unforeseen circumstances, group profits would again show a satisfactory increase in the current year.

Anderson Strathclyde

Anderson Strathclyde: Mr. R. H. Thorpe, chairman, said the response to the order book was following the traditional pattern of a slow start to the financial year interrupted by holiday periods. Turnover was ahead of last year, at the end of the first quarter, he stated, but a great deal of effort would be required to achieve the targets the directors had set themselves.

Federal Paper sees gains ahead

MONTVALL, August 3

FEDERAL PAPER BOARD expects its third and fourth quarter results to show a substantial improvement over the previous year's corresponding periods as a result of favourable volume, reduced inventories, and a number of anticipated price increases, Mr. John R. Kennedy Jnr., president said.

The New Jersey company is a producer of paperboard pulp and machine-made glassware, among other items.

In the 1977 third quarter — the 12-weeks ended September 10 — Federal Paper earned a net income of $557,000 or 2 cents a share, on sales of $85bn. Had it not been for a $3.4m write-off due to plant consolidation, per share earnings in the period would have been 50 cents, Mr. Kennedy added.

In the fourth quarter, the 16 weeks to December 31, net income was $4.7m or 40 cents on sales of $122.2m. Mr. Kennedy said he expected that Federal Paper would earn more than 50 cents a share in the third quarter of this year and more than 70 cents in the fourth quarter.

The price of bleachboard, which the company produces at the rate of 900 to 1,000 tons a day, is going up by $20 a ton on October, to a base price of $475 a ton, Mr. Kennedy said. Bleachboard is used in the making of such items as folding cartons, record jacket covers, and paperback book covers.

AP-DJ

MINING NEWS

Shore supports Stevens aims

BY KENNETH MARSTON, MINING EDITOR

THE GOVERNMENT'S response to the Stevens Committee Report on Minerals Planning Control was announced yesterday by Mr. Peter Shore, Secretary of State for the Environment. The Secretaries of State for the Environment and Wales accepted the fundamental recommendation that development control over mineral working should remain within the planning system and continue to be the responsibility of county planning authorities.

Although they consider that certain existing distinctions between minerals and other planning applications should continue, they do not consider that any further "special regime" for such applications is required.

While they accept the committee's view that benefits would flow from the employment of more specialist staff on minerals planning cases, they have concluded that this is a matter which must be left for the planning authorities to consider as restraints on expenditure and staff permit.

However, the Secretaries of State attach particular importance to the committee's recommendation that existing planning permissions for mineral working should be reviewed since many old permissions do not include adequate conditions requiring restoration of the site or some form of after-treatment.

Planning authorities will need additional powers to undertake such reviews, it is stated, and legislation will be required. Further consideration is being given to the appropriate basis of compensation in such cases.

The Secretaries of State accept the committee's general view about the need for broader consultation between planning authorities and the minerals industry, but they consider that the formation of county consultative committees and the institution of consultation areas to safeguard mineral reserves, should be matters for local arrangement. Structure and local plans currently being prepared by local planning authorities should provide adequate guidance to the industry on mineral policies in a particular area.

Finally, the Secretaries of State have accepted the Committee's proposals on a number of detailed matters which include: an obligation on county planning authorities to consult water authorities about all mineral applications; a requirement that mineral permissions should have a maximum life of 60 years; a power to require a five-year period of after-care for land restored to agriculture or horticulture.

Acceptance of the committee's view that no final decision should be taken on proposals for the establishment of a restoration fund, but that the position should be monitored over the next 10 years; the establishment of a new procedure to determine when mineral working has ceased.

The inclusion, subject to appropriate safeguards, of exploration for minerals in the list of developments permitted under the General Development Order; acceptance of the committee's view that existing enforcement procedures are not always adequate. It is proposed to deal with this problem by making unauthorised mineral working an offence.

Some of the proposals can be implemented by Orders made under existing legislation, but others will need to await a suitable opportunity for new legislation. In addition, many of the committee's recommendations will be incorporated in the revised edition of the Memorandum on the Control of Mineral Workings which is now being prepared by the Department.

Amcoal lifts its interim

INCREASED half-year profits of R25.8m (£15.4m) against R23.5m a year ago are announced by **Anglo American Coal Corporation.** The South African coal producer is raising its 1978 interim to 24 cents (14.3p) from 20 cents last year when the final was 40 cents.

Profits from coal and coke sales were 18 per cent above those of the first half of last year despite a downturn in the domestic market and difficult trading conditions overseas. Of the industrial interests, net profits of Vereeniging Refractories expanded by 78 per cent in the latest period to R2.15m.

Amcoal says that while reasonable trading conditions are anticipated for the remainder of this year, second-half profits are not expected to show as great an improvement as that experienced in the first six months.

Thereafter the start of production at the Kleinkopje colliery early in 1979 and an increased contribution to profits by Kriel colliery are expected to lead to further growth in earnings.

No despair at Assoc. Minerals

THE WEAKNESS of rutile and zircon markets is reflected in the results for the year to June 30 of the Gold Fields group's Australian mineral sands producer, **Associated Minerals Consolidated.** A loss is announced of A$2.76m (£1.66m) compared with a profit of A$1.16m for 1976-77. No dividend is being paid for the past year; there was a distribution of 6 cents for the previous year.

Associated Minerals says, however, that prices for rutile and east coast zircon have commenced to firm because the over-supply situation is being rapidly corrected as a result of the closure of major rutile and beneficiate production capacity around the world.

The company reckons that the market will continue to improve but the price in its existing sales contracts will cause some time lag before the benefit is reflected in its revenue. Although an early return to profitability is not predicted, the company considers its longer term prospects to be sound.

MINING BRIEFS

FALCON MINES—June quarter: Tons milled 60,900 (March quarter 59,930). Working profit R$639,814 (R$509,857). Estimated net profit R$487,934 (R$433,857). Capital expenditure R$152,474 (R$113,767).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div	Total for year	Total last year
James Austin		3.67	Oct. 16	3.27	5.92	5.27
Best and May		2.21	—	1.95	3.08	2.72
P. Black		4	Oct. 9	3.55	6.42	5.75
East Lancs	int.	1.51	Sept. 8	1.35	—	3.3
G. M. Firth		2.5	—	2	2.5	4
Hoover	int.	5.61	Oct. 12	5.61	—	14.82
John James		1.59	Oct. 6	1.4	2.75	2.46
Allan Kennedy		1.79	Aug. 29	1.79	2.69	2.69
Law Debenture	int.	1.75	Oct. 2	1.5	—	4.5
Malaysia Rubber		1.75	Oct. 6	1.32	2.25	1.52
Midland Trust		3.08	Sept. 20	2.4	4.4	3.6
Wm. Ransom		1.97	Sept. 18	1.75	3.14	2.79
River & Mercantile	int.	3.5	Oct. 4	3	—	8.13
River Plate & Gen.	int.	1.75	Sept. 1	1.5	—	6.25
Tace	int.	0.5	Sept. 11	0.5	—	1.25
Vantona	int.	1.99	Oct. 2	1.79	—	5.15
Waring & Gillow		2.52	—	2.26*	3.59	3.21*
Thos. Witter	int.	0.67	Oct. 2	0.66	—	3.14

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Dividend amendments

In the light of the continuation of dividend restraint, the following companies have amended their payments:—

Akroyd and Smithers—Third interim of 3.25p for year to September 30, 1977 cancelled.

Braithwaite and Co. Engineers—Final of 5.768p revised to 2.316p net, making gross total 6.456p.

ERF (Holdings)—Second interim of 0.77p and final of 0.39p for 1977-78 replaced by 0.781667p final, making maximum permitted 2.431667p total. In addition, interim of 0.335p for 1978-79 to be paid with final on August 14.

MK Electric Holdings—Final of 3.5p net for 1977-78 amended to 2.89p, making maximum permitted 5.39p total.

Reckitt and Colman—Third interim of 2.88522p for 1977 replaced by additional 0.09022p, payable January 5, to reflect ACT reduction.

Anglo American Corporation of South Africa—Following reduction in ACT, dividend announced on June 16 will be 16.75 cents net.

New talks on Parana power loan

By Robert Lindley

BUENOS AIRES, August 3.

REPRESENTATIVES of the Inter-American Development Bank and the World Bank, in a joint mission, are in Buenos Aires to negotiate $400m in loans which will be made available to Argentina to finance the Paraguayan-Argentine Yacyretá hydro-electric on the Paraná river.

After recent consultations between the U.S. State Department and the Exim Bank, that bank turned down a request from Allis Chalmers for the financing of the sale of $270m in turbines for the Yacyretá project.

An outcry was caused in Argentina when the State Department advised that the loan should be refused because of the human rights situation here. This State Department advice makes it unlikely that any U.S. companies will be allowed to participate in the Yacyretá project.

BIDS AND DEALS

Vantona in bid talks with Compton & Webb

SHARES of uniform manufacturers J. Compton, Sons and Webb (Holdings) yesterday jumped 9p to 44p valuing the company at £7.5m following a bid approach from Vantona Group, the Manchester-based household textile company.

On the same day as announcing marginally higher profits for the first half of 1978, Vantona said it had indicated to Compton that it wished to enter into discussions regarding the possibility of making an offer for the shares it did not already own. Vantona's share price eased back 3p to 127p.

Last week Vantona purchased 1,457,500 Compton shares at 32p each (costing £466,400), bringing its stake in the company to 1,517,500 shares or 8.91 per cent.

A spokesman for Vantona said that a number of "very friendly" meetings had been held with Compton. He anticipated an announcement within the next two weeks.

Meanwhile, Compton, while declining to comment, said it was consulting its financial advisers, Hill Samuel and Co. and would keep shareholders informed of any developments. In the meantime, the company advised shareholders to take no action with regard to their shareholdings.

Both, Compton and Vantona have been affected by the recent textile recession. For 1977 Compton's pre-tax profit slipped from £2.38m to £1.82m on sales of £18.47m (£19.13m).

Vantonas pre-tax profits for the first half of 1978 were £3.35m against £3.32m. Turnover was slightly lower at £39.1m against £39.8m.

Prospects for the second half are more encouraging, say the directors. Order books are better and, providing the level of demand is maintained, the full year's results should show a further advance. For all the 1976-77 year, taxable profits amounted to £6,729,000.

Tax for the half year takes £1.63m (£1.62m) and fully diluted earnings before extraordinary items are marginally ahead from 8.3p to 8.5p per 20p share. The interim dividend is stepped up to 1.9955p (1.7871p) net—last year's final was 3.364p.

An extraordinary debit of £241,000 (£67,000 credit) comprises a provision for all costs incurred or likely to be incurred from the phasing out of production at Cromer Ring Mill.

	Six months 1977-78 £000	1976-77 £000
Turnover	39,100	39,800
Profit	3,527	3,696
Interest payable	182	473
Profit before tax	3,345	3,223
Taxation	1,633	1,617
Net profit	1,712	1,606
Minority interests	69	59
Extraordinary debit	241	*67
Preference dividends	19	39
Available	1,383	1,575
Ordinary dividends	374	†283
Retained	1,009	1,292

* Credit. † Includes £7,000 for 1976.

The group is currently investing £2.2m in R. Greg and Co. at Stockport, which will supply the major part of its polyester/cotton requirements.

During the period, holders of £1.4m of the 14 per cent convertible unsecured loan stock 1990 elected to convert into ordinary shares and the company has, under the terms of the issue, required the remaining stockholders to convert.

Fully diluted net assets at June 2, 1978 are shown at 116.7p (104.7p) per share, against 115.5p at the year-end.

● comment

Vantona's 4 per cent profits rise in the first half was exactly what the market was expecting in these difficult times for the textile industry. At a time when its competitor's profit margins are faltering, Vantona did well to hold its own at 9 per cent pre-interest. With consumer spending starting to rise, there are signs that demand for household fabrics is beginning to pick up, so the second half should look much brighter, especially with loss-making Cromer Ring Mill out of the way and the benefits of the substantial Iran contract coming through. All this puts Vantona on target for about £7.5m this year. Meanwhile, the proposed Compton acquisition could provide an ideal opportunity for Vantona to boost the dividend payment with a paper deal; the cover is more than four times. However, Compton's record is somewhat erratic and profits have been sliding for the past couple of years following the peak level of 1975. But the acquisition will take Vantona into another area of the textile industry, although it will presumably be achieved at the expense of some dilution of earnings: Vantona, at 127p, is on a prospective p/e of 6.7 while Compton, at 44p, is on an historic p/e of 8.4.

Patani minority finally accepts CP's terms

The minority of **Patani Para Plantations** which last year rejected a bid from **Consolidated Plantations** has finally relented.

Consolidated Plantations is to make a second bid for Patani and this time is sure of complete success since holders of over 90 per cent of the outstanding stock have already irrevocably accepted.

The terms of the bid are the same as they were last year (allowing for CP's scrip issue) but the value has risen considerably. The consideration consists of shares in Consolidated Plantations which have climbed much higher over the last year.

The rise of the CP share price has allowed honour to be satisfied on both sides. CP can say the offer is unchanged and the objectors can say it is worth much more.

Mr. G. H. Miles, who persistently criticised the terms last year, said yesterday, "I think we can say its a tie." He would have liked to hold on to his 32,000 shares but did not want to stay in a minority position.

For Consolidated Plantations, the bid represents a tidying-up operation. The offer last year took the percentage held by CP up to 94.8 per cent.

The current bid is only worth £114,000 and only about half a dozen outside shareholders remain. The expenses are estimated not to exceed £10,000.

The terms are 16 shares in Consolidated Plantations for every three in Patani Para. With CP closing at 45p per share last night, the bid is worth 240p per share of Patani, valuing the whole company at £2.2m.

CITY OFFICES BUY RELEASES £3M OF PROVISIONS

City Offices has paid £2.15m for the Fishmongers' Company's freehold interest in the Baltic House office block at 27, Leadenhall Street, EC3, in a deal releasing over £3m of provisions in the property group's accounts.

City Offices, which has paid for the freehold by the issue of 4m new shares, hold a 60-year lease on Baltic House running until December 2007. This leasehold interest, costing just £1,975 a year, is held in City Offices' books on a December 1976 valuation of £3.2m, and a £3.1m provision has been made to cover amortisation of the lease.

Now that City Offices holds both the freehold and the leasehold, surveyors St. Quintin, Son and Stanley have valued the building at £6.65m. And as the amortisation provision will no longer be needed, City Offices will now be able to transfer the £3.1m charge to capital reserves.

S. G. Warburg and Co. and stockbrokers Laing and Cruickshank have arranged the placing of the Fishmongers' shares, and the property sale, finally agreed yesterday, is due to be completed on August 9.

City Offices also reports that it plans to declare a second interim dividend in lieu of a final payment for 1978. The dividend will be increased by 10 per cent, the maximum permissible under dividend restraint legislation.

Metal Box Singapore expands

BY H. F. LEE

SINGAPORE, August 3.

IN A MAJOR expansion programme, Metal Box Singapore has announced that it will issue 7m new shares at a price of S$2.32 per share to Fraser and Neave and Malayan Breweries. The move will reduce the stake in it held by Metal Box Overseas, of the UK, to 41 per cent, from 62 per cent.

The share issue which will raise some S$16.3m in fresh capital is being made in connection with the company's planned construction of a new production plant in Singapore, using up-to-date technology in the manufacture of two-piece cans.

Metal Box Singapore said that Fraser and Malayan Breweries, which are respectively the largest soft drinks manufacturer and brewery in Singapore and Malaysia, will be major consumers of the output of the new plant and will assist in the financing of the company's expansion programme.

Fraser and Malayan Breweries will each subscribe to 3.5m new shares. The subscription price of S$2.32 per share is based on the net asset value of Metal Box Singapore as at the end of March.

The new shares will carry entitlement to the total dividend, to be paid by Metal Box in respect of the year to March 31, 1979 only in proportion to the period for which they are in issue.

With the share issue, which is subject to the approval of the Securities Industry Council, Fraser and Malayan Breweries will each own 17 per cent of Metal Box's enlarged capital of S$20.5m.

Apart from Metal Box Overseas' stake being reduced from 62 per cent to 41 per cent of the enlarged capital, the minority shareholders' stake of 38 per cent will be reduced to 25 per cent.

Metal Box Overseas, however, will continue to provide technology and management services to the company.

Metal Box's directors also declared that they are confident that the undertaking by Fraser and Malayan Breweries to continue to purchase cans from the company on normal commercial terms will ensure the success of the expansion programme.

The deal will also ensure Fraser and Malayan Breweries a stable supply of cans in the future. The bulk of the two companies' current production of canned soft drinks and beer are presently exported as local preference is still for bottled drinks.

However, both Fraser and Malayan Breweries believe that the local market will eventually come into line with the worldwide trend towards canned drinks.

The two-piece cans will result in significant cost savings compared with the current production of three-piece cans.

WGI ACQUIRES GEO. SANDS

WGI (West Group International) has purchased the capital of Geo. Sands and Son, structural engineer, of Nottingham, for £174,240 in cash.

ST. PIRAN SELLS 1M ORME SHARES

Saint Piran quickly followed the instructions of the City Takeover Panel yesterday and sold 1m shares of Orme Developments.

The shares were sold yesterday morning at 52½p per share, 5½p per share less than they cost Saint Piran last Friday. Adding in brokers' commission (only on the purchase since Piran bought and sold within the account) the loss suffered by Piran will have been about £56,000.

The Panel ruled on Wednesday that Saint Piran should sell the shares within 48 hours of the re-listing of Orme yesterday morning. The shares took the stake of Piran, together with shares held by parties acting in concert, over the 30 per cent level at which a full bid would normally be required. Piran did not want to mount a bid.

Most of the shares, 600,000, went to the brokers of Orme itself, Sandelson and Company, for institutional clients. The rest were sold through the market.

EMI SELLS SAWMILL OFFSHOOT

The Kirkhill Group has acquired Riddoch of Rothiemay, the sawmilling company processing home-grown timber.

Riddoch, with a £4m turnover, operates four sawmills in the north of Scotland. It was acquired by EMI in April, 1977 on their purchase of Development Securities. EMI, having no involvement in the timber industry, had always intended to divest itself of those interests which did not fit into its existing pattern of business.

Kirkhill is a London-based investment group with strong Highland connections specialising in smaller businesses.

CELESTION SELLS RACAL SHARES

Celestion Industries, the sound reproduction equipment and clothing group where the Prenn family has a 38 per cent beneficial stake, is selling 200,000 Racal shares through the market. Mr. Oliver Prenn was formerly deputy chairman of Racal, until his resignation at the end of last year.

The disposal follows the sale by the Racal chairman, Mr. Ernest Harrison, of 30,000 Racal shares between April 1 and June 24, as disclosed in the annual report.

Celestion still retains, as an investment, 1,056,856 Racal shares valued in the market yesterday at £2.87m.

NO PROBE

The proposed merger between Black and Edgington and Galley Group is not to be referred to the Monopolies Commission.

APPLEYARD

Appleyard Group has sold the business of Appleyard (Aberdeen) and one property to Aberdeen Motors for a total of £365,823 in cash. Of this amount £50,000 is to be deferred to June 23, 1979 and £30,000 to June 23, 1980.

WAGON IND.

Wagon Industrial has agreed in principle to acquire Cotswold Coach Craft for £275,000 in cash and 100,000 shares of Wagon.

Cotswold is based at Grimsby and designs and manufactures a range of touring caravans under the trade name Windrush.

Wagon believes that the acquisition will contribute to its future growth and is a continuing part of its planned programme of diversification.

PEARSON LONGMAN

Westminster Press, a subsidiary of Pearson Longman, is to acquire Rusholmes Printers, of York, for not more than £145,000.

Following completion, the business of Rusholmes will be merged with Herald Printers, the York division of Westminster Press.

After the merger the business will trade as Herald Rusholmes Printers. The cost will not be determined until the accounts for the year ended July 31, 1978, have been completed, but it is not expected to exceed £145,000.

ERA RING MILL

Era Ring Mill, a 70 per cent owned subsidiary of Largs is offering 13.5p for each 15p share in the unlisted Wood Street Mill.

SHARE STAKES

Crossley Building Products: Essoldo has sold the whole of its holding of 375,000 shares.

Gieves Group: Mr. D. W. Gieve, director, has disposed of 8,000 shares, and his wife, Mrs. S. Gieve, has disposed of 7,000 shares. Mr. B. T. R. Scruby, director, has acquired 4,000 shares. Mr. G. Nutbrown, director, has acquired 4,000 shares.

United States Debenture Corporation: Mrs. K. Garnett-Orme, wife of Mr. I. H. T. Garnett-Orme, director, sold 10,000 shares at 102p.

St. George Assets: Mr. J. H. Scrutton, director, bought 10,000 shares.

Helene of London: M. Burkeman, director, has sold 50,000 new 12 per cent convertible redeemable cumulative preference shares.

Burton Group: Mrs. B. J. Karmel, wife of Mr. D. Karmel, director, has sold 50,000 "A" ordinary shares at 139p.

Francis Industries: West City Securities has sold 40,000 shares reducing holding to 690,418 shares (9.51 per cent).

Centreway: George Whitehouse (Engineering) has acquired further 10,000 shares. Total interest 138,500 shares (21.4 per cent).

Hampton Trust: Sir C. Burney, director, bought 7,500 shares at 101p. Mrs. E. N. Raynaud, wife of director, bought 7,500 shares at 101p.

Minster Assets: Mr. A. R. G. McGibbon, Mr. J. E. O. Arnold and Mr. N. Draper, directors, as joint trustees of Minster Assets executives' share purchase scheme, have reduced their interest by 11,836 shares on transfer of shares to beneficial owners.

Arthur Holden and Sons: On July 28 Mr. P. A. J. Sturge, director, sold 25,000 shares.

Assam Frontier Tea Holdings: Scottish Northern Investment Trust has acquired 60,000 shares (6.38 per cent).

Pilkington Brothers: Mr. D. F. Pilkington, director, on July 28 ceased to have non beneficial interests in 20,000 shares—price 575p. On July 27 he ceased to have non beneficial interests in 10,000 shares—price 581p.

Coates Brothers and Co.: Mr. J. P. Walters, director, sold 1,000 shares ordinary at 74p and 14,400 "A" ordinary shares at 73p.

Beaumont Properties: London and Manchester Assurance Co. has disposed of 100,000 shares and now holds 825,000 shares, of these, 50,000 disposed of on March 15 and 50,000 on July 28.

Tridant Group Printers: Company notified that powers of attorney relating to 92,565 shares have been effected in favour of Chirit Investment Co. Chirit is interested in 1,012,730 shares (23.11 per cent).

Selincourt: Mr. S. Burton, director, on July 31 sold 36,000 shares. On August 1 Mr. L. L. Leighton, chairman, bought 20,000 shares.

Danish Bacon Co.: Equitable Life Assurance Society has acquired further 10,000 "A" ordinary shares making total holding 232,000 "A" shares (about 13.5 per cent of "A" shares and 5.6 per cent of total ordinary capital).

Kelsey Industries: Mr. M. Arbid, director, has bought 18,500 shares making holding 381,985 shares (9.95 per cent).

INTL. FINANCIAL AND COMPANY NEWS

Another rescue plan for Gazocean

BY DAVID CURRY

PARIS, August 3.

JUST 13 months after it was rescued from bankruptcy by Morocco's State-owned phosphates agency, the French company Gazocean is again in financial trouble. The company, one of the world's biggest transporters of liquefied gas, is negotiating a new rescue plan with its shareholders.

The chief of these is the Office Cherifien des Phosphates (OCP), which in July 1977 took a stake of almost 25 per cent in the company by subscribing FFr 30m of new capital and acquiring some American holdings. At the same time it took an option to increase this stake to 42 per cent by July 1, 1980, but apparently it does not envisage exercising this option as part of a new package.

Other shareholders, apart from a 20 per cent family interest, include the electrical engineering and shipbuilding group Alsthom-Atlantique, the La Ciotat shipbuilding concern which itself is in severe difficulty, and the shipping company Chargeurs Reunis.

Part of the rescue is the sale by Gazocean of a substantial part of its stake in its subsidiary Technigaz to petrol installation specialist Societe Amrep, which will assume control with 75 per cent following a capital increase to which it will subscribe. Technigaz has played an important role in the research and development of new techniques of transport, and there is some fear that the change of ownership could modify the direction of its research effort.

Last year's problems at Gazocean stemmed from its failure to land a South African phosphoric acid contract which had been at the centre of its recovery plans. When the contract failed to materialise, the concern was put under judicial management.

Gazocean has a 25 per cent stake in the Moroccan concern Marphocean, which is the world's largest transporter of phosphoric acid with a capacity of 100,000 tonnes of transport. The OCP with 35 per cent and the Compagnie Moroccaine de Navigation with 40 per cent are the other shareholders.

As part of the 1977 rescue, Marphocean took over the financing and operation of two phosphoric acid transporters due to be delivered to Gazocean.

New funds for French toolmakers

BY OUR OWN CORRESPONDENT

PARIS, August 3.

THE LOSS-MAKING French machine tool group, Ratier-Forest GSP, is to receive a FFr 75m ($17.2m) cash injection. A third is to come from the main shareholder, the semi-government Institut pour le Development Industriel, another third from the Government's social and economic development fund FDES, and the rest from the banks.

The bulk of the money—FFr 60m—is destined for the machine tool sector, and it is apparently intended that discussions should resume with a reluctant Renault for some sort of link between the two groups. Renault, the country's largest machine tool manufacturer and heavily in the red in this sector, has always shown itself unenthusiastic for Government-sponsored missions of mercy.

The rest of the money is destined for the group's aerospace-linked activities exercised through Ratier-Figeac, which accounts for about 30 per cent of group turnover.

In this sector, too, the government is apparently requiring the group to seek an industrial partner. The candidate here is Generale de Forgeage et de Decolletage, France's leading screws, nuts and bolts concern. The unions are unhappy about the employment implications of the moves, since the machine tool part of the group is already seeking authorisation to make 114 men redundant at its Courbevoie factory near Paris.

Ratier-Forest is reputed to be one of France's more go-ahead machine tool exporters and technical innovators. It entered 1978 with an order book worth some FFr 254m, but its debts stand at FFr 260m, of which all but FFr 40m stems from machine tools. Last year's turnover was FFr 290m and losses totalled FFr 29m, with FFr 22m coming from machine tool activities, which employ half the group's 2,200 workforce.

Gabon raises $80m over seven years

BY FRANCIS GHILES

AN $80m loan for the Republic of Gabon was signed in Paris yesterday between representatives of the republic and nine banks, led by Citicorp International. The maturity of the loan is seven years with two years grace. The borrower is paying a spread of 2 per cent over the interbank rate for the first five years rising to 2¼ per cent for the remainder.

Commitment fees are ½ per cent on the undrawn portion of the loan. Participation fees are 1 per cent on amounts of $1m-$2m, 1⅛ per cent on amounts of $2-$3m and 1¼ per cent on amounts of $3m or more. The management fee is undisclosed.

Of the $80m total, $70m is earmarked for the expenditure to be incurred this year on the trans-Gabonese railroad, while the rest will help finance the purchase of a Boeing 737 aircraft. The rest of the cost of that aircraft will be financed by U.S. Exim credits.

Last spring, a FFr 370m ($85m) 10 year loan carrying a spread of 1 per cent over the French interbank rate was extended to the Republic of Gabon by a goup of French banks led by Banque Nationale de Paris (which is among the managers of the new loan). The French franc loan was guaranteed by the French Treasury.

Three banks have been advising Gabon on its financial affairs: Lazards Freres (Paris), Kuhn Loeb Lehman Brothers and S. G. Warburg.

They presented a report to the Gabonese Government earlier this spring together with a stabilisation plan. At the end of May, the Gabonese Government sent a letter of intent to the IMF following the visit of a team from that organisation. At the end of June the major European export credit organisations, especially the French Coface, reached an agreement with the Gabonese on the rescheduling of some of Gabon's officially insured debt.

That opened the way for the dollar denominated loan signed yesterday in Paris. The drawing by Gabon on the French franc denominated loan was made conditional on the signing of the dollar denominated one.

The Development and Investment Bank of Iran, which is privately owned, is raising $60m for eight years on a spread of ¾ per cent throughout through a group of banks led by Chase Manhattan Bank Ltd. There is no guarantee.

Two loans for Italian borrowers have been or are being signed this week. Finsider, the Italian state steel company has obtained a $65m five year loan on a spread of 1⅝ per cent from a group of banks led by Banca Nazionale del Lavoro.

Fiat Diesel do Brazil is raising a $40m loan, increased from an initial $30m from a group of four banks: Banco di Roma, Crédit Lyonnais, Commerzbank and First Chicago. The borrower is paying a spread of 1⅞ per cent for eight years with two and a half years grace. The spread would fall to 1½ per cent if the guarantee of Fiat (Italy) became effective.

Amsterdam SE turnover higher

By Charles Batchelor

AMSTERDAM, August 3.

THE normally quiet mid-summer period has had little impact on the record turnover levels of the Amsterdam Stock Exchange. Combined turnover of shares and bonds was Fl 3.24bn ($1.47) in July—26 per cent higher than the same month l ast year and only slightly down on the average monthly turnover of Fl 3.74 in the first six months of this year.

Turnover in the first seven months of 1978 was Fl 25.67bn—24 per cent higher than in the same period of last year. Most of the increase came from the bond sector, where turnover was 43 per cent higher at Fl 13.83bn. Share turnover was 7 per cent up at Fl 11.84bn.

Bond turnover in July was Fl 1.71bn compared with Fl 1.53bn for shares. This marked a return to greater interest in bonds after May and June, when share turnover was greater.

Price developments were also favourable in July, with 67 per cent of traded stocks closing the month higher, and only 30 per cent lower. The index of international stocks reached a new high for the year of 80.1 on July 27. The investment fund Rorento was the most heavily traded stock for the second month running, followed by Royal Dutch and KLM.

SAS traffic rises 14%

By John Walker

STOCKHOLM, August 3.

SCANDINAVIAN AIRLINES (SAS), said its traffic for the first three-quarters of the 1977-78 financial year increased by 14 per cent, measured in revenue ton-kilometres. Capacity for the period, from October, 1977 to June, 1978, rose 10 per cent in terms of available ton-kilometers. The SAS systemwide load factor for the first nine months rose by 1.8 percentage points to 55.2 per cent.

Passenger traffic for the first three-quarters, measured in revenue passenger kilometres, increased by 11 per cent. The cabin factor climbed by 1.7 percentage points to 54.1 per cent. SAS cargo traffic in freight ton-kilometers rose by 19 per cent.

The load factor rose in 1977-1978 to 55.2 per cent compared with 53.4 per cent in the comparable period in 1976-1977. The cabin factor amounted to 54.1 per cent in the 1977-1978 period from 52.4 per cent in the corresponding period in 1976.

Morgan in Portugal

Morgan Guaranty Trust Co. of the U.S. has acquired a one-third interest in MDM-Estudos Technicos Financeiros, LDA, a newly formed financial and research services company in Portugal, reports AP-DJ from Brussels.

Morgan Guaranty's partners in the venture are Deutsche Bank AG, of West Germany, and Jose Manuel da Silva de Mello, a prominent Portugues industrialist. Each of them will also hold a one-third stake in MDM. The new company, located in Lisbon, will provide investment and financial services for corporate clients.

$475m for ailing SIR

By Our Financial Staff

ITALY'S AILING Societa Italiana Resine (SIR) chemical group will have a much-needed capital transfusion of L400bn ($475m) from the consortium of top banks and credit bodies formed to save it from collapse.

SIR, which employs more than 3,000 people, will receive an immediate L120bn slice in the form of short-term capital, with the funds to be tightly linked to the implementation of the group's restructuring.

The rescue plan announced late on Wednesday, which also involves state credit corporation IMI, the largest creditor of SIR, came a day after a government Bill to aid troubled companies. The new plan foresees the elimination in 1981 of the SIR losses, likely to total L189bn this year.

Krupp purchase

Fried. Krupp of West Germany, has acquired Great West Steel Industries' 50 per cent interest in GSW Krupp Industries of Canada. Terms were not disclosed, Reuter reports from Edmonton.

Dutch tender may meet with muted response

BY JEFFREY BROWN

DESPITE the 8 per cent coupon—which is a full 1¼ points above the April issue—there is unlikely to be any headlong rush for the latest bond offer from the Dutch government, tenders for which have to be submitted today.

After three days of relative stability in which bond prices managed to improve modestly, markets were easing yesterday against a background of renewed turmoil in foreign exchange markets. The guilder has up to now more or less managed to maintain its differentials against the Deutsche Mark. But it is clear that the present currency uncertainty is limiting foreign demand. In the past non-resident money has accounted for as much as a quarter of the overall take-up of Dutch state issues.

Yesterday dealers were tentatively predicting subscriptions for around Fl 400m at a price in excess of par—say, 100.4 for a yield of 7.91 per cent. Last night comparable state paper was yielding 7.78 per cent so the fundamental attractions of the new stock are largely unimpaired.

The issue represents the fourth this year by the government. The first, a 15 year bond with a 7½ per cent coupon pulled in Fl 650m, while the similar coupon but with a 10 year maturity that followed attracted Fl 500m.

The third tender, which eventually emerged as a tender for amount only since the issue price was fixed two days ahead of the closing of lists, pulled in a bare Fl 150m. This 20 year stock with a 6¾ per cent coupon is priced currently at 93.

Net domestic bond issue on the Paris bourse more than halved in June, according to statistics from Credit Lyonnais. Issues in June totalled FFr 1.57bn net, against FFr 3.16bn in June 1977. Thus net offerings for the first six months were FFr 17bn compared to FFr 23.6bn, a decline of 28 per cent.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

U.S. store groups turn in higher volume figures

BY OUR FINANCIAL STAFF

LEADING U.S. store groups turned in sharply varied sales figures for July, ranging from a tiny increase at Sears Roebuck to an impressive 25 per cent gain at J. C. Penney, which also experienced its best ever quarterly increase for over 20 years in the second three months.

The Sears total, although a record for the month at $1.47bn, was up by only 2.2 per cent from July of last year when "an exceptionally strong performance" boosted sales by 21.7 per cent.

At J. C. Penney, volume in the four weeks ended July 29 was a record $757m; the comparative July 1977 figure of $604m does not include the sales of the discontinued supermarket and Italian operations.

Penney also produced a 25 per cent sales gain for the second quarter, with a total of $2.43bn

For the first half ended July 29, sales showed a 23 per cent advance to $4.61bn. Including sales from operations which have been discontinued, however, the half-year gain was a lower 20 per cent.

Mid-way in terms of growth rate between Sears and Penney, the F. W. Woolworth Company managed a 9 per cent July sales improvement to $419m for the four weeks ended July 25. After 26 weeks of the year, Woolworth's sales were just over 8 per cent ahead of the comparable 1977 level at $2.64bn.

Montgomery Ward of Chicago, part of Mobil, was able to boost its July sales by 13 per cent to $361m, with first half volume up by almost 10 per cent to $2.27bn.

Showing growth of a similar rate, Jewel Companies recorded a gain of 11 per cent to $256m *in the four weeks to July 15*, bringing its total for the half-year up to $1.51bn, a 9.2 per cent rise on last year.

From St. Louis, May Department Stores reported an 8.6 per cent increase in July sales to $154m, *with a similar percentage* rise at the half-way stage to $1.08bn.

Levitz Furniture lifted its total by 18.4 per cent last month to $40.6m and by nearly 24 per cent in the first half to $235m.

Setting a far more rapid pace than its bigger rivals, the Florida-based Scotty's group boosted sales by 29 per cent in July to $12.7m, reporting also that new construction was continuing briskly. Do-it-yourself activity contributed to the jump in volume, it said.

Helicopters boosting Textron

PROVIDENCE, August 3.

INCREASING COMPETITION and government investigations are pressing Textrons Bell helicopter business on two flanks *But top management sees helicopter sales and profits gaining* well in the second half of 1978 and boosting Textron profits in years to come, Mr. Joseph B. Collinson, chairman and chief executive officer has declared.

Helicopters have recently accounted for about 30 per cent of the conglomerate's nearly $3bn in sales.

With helicopters and other groups all doing well, Textron expects a second half rise in net income to keep pace with the 14 per cent increase recorded in *the first half before special gains* on foreign currency translations and the sale of the security group of insurance companies.

That would give Textron another year of record sales and profits comfortably ahead of the record $136.9m or 3.65 a share earned in 1977 $2.8bn in sales.

Textron's second quarter profit rose to $41.2m or $1.10 per share from $34.3m or 91 cents a share a year earlier. Profits included a gain of $3.1m of foreign currency translations compared with a $300,000 currency loss a year earlier. Second quarter sales *climbed to $801.5m from $723.8m* a year earlier.

Textron's first half net this year, including a $6.4m or 17 cents a share gain on the sale of the security group of insurance companies, rose to $81m or $2.16 a share, from $62.4m or $1.66 a year earlier.

A six-week strike at the helicopter plant in Amarillo, Texas, caused a slight dip in second quarter helicopter sales, but "Bell is going to have a good second half in spite of heavy research and development expenses," said Mr. Collinson. The longer-term outlook is also promising, he added.

"People have been saying Textron's helicopter business is going to hell every year for five years, but it keeps going up," he said. The company is estimating annual growth of about 15 per cent for the U.S. helicopter market.

Two major sources of growing competition are the Sikorsky *aircraft division of United* Technologies Corporation and the French Government-owned Aerospatiale, which claims to have boosted its share of the U.S. commercial helicopter market to 11.6 per cent last year *from 4.7 per cent in 1976.*

AP-DJ

AMERICAN QUARTERLIES

CNA FINANCIAL	1978 $	1977 $
Second Quarter		
Revenue	567.9m	550.2m
Net profits	*31.76m*	14.5m
Net per share	0.80	0.30
Six Months		
Revenue	1.1bn	1.1bn
Net profits	60.0m	25.9m
Net per share	1.50	0.50

FORD OF CANADA	1978 $	1977 $
Second Quarter		
Revenue	1.83bn	1.51bn
Net profits	25.6m	25.3m
Net per share	3.09	3.04
Six Months		
Revenue	3.31bn	2.90bn
Net profits	47.3m	59.9m
Net per share	5.70	7.22

FAIRCHILD CAMERA	1978 $	1977 $
Second Quarter		
Revenue	129.8m	117.7m
Net profits	6.3m	1.6m
Net per share	1.13	0.29
Six Months		
Revenue	251.0m	234.8m
Net profits	*12.0m*	*3.8m*
Net per share	2.18	0.70

WALTER E. HELLER	1978 $	1977 $
Second Quarter		
Revenue	110.6m	93.4m
Net profits	8.7m	7.8m
Net per share	0.74	0.67
Six Months		
Revenue	213.4m	184.1m
Net profits	*16.1m*	*15.6m*
Net per share	1.37	1.34

Beatrice, Tropicana deal again on ice

By David Lascelles

NEW YORK, August 3.

THE ON-OFF *$488m* acquisition by Beatrice Foods, the largest U.S. food producer, of Tropicana Products, the orange juice maker, was again put on ice tonight after the U.S. Appeals Court reinstated an injunction which had just expired.

The move was reportedly made to enable a lower court to make further findings about the merger, which is being bitterly contested by the Federal Trade Commission on anti-trust grounds.

The FTC originally lost the first round when the District Court denied its request for a preliminary injunction. The Appeals Court then granted a temporary stay, but then *yesterday confirmed the* District Court's original finding.

That temporary stay was due to expire today. However, the Appeals Court this afternoon decided to refer the case back to the District Court for further findings, and imposed a new injunction.

Optimism at Southland

LOS ANGELES, August 3

SOUTHLAND CORPORATION expects earnings growth in the second half to be roughly comparable to the 21 per cent earnings gain recorded in the first half, Mr. J. P. Thompson, the chairman of the self-service stores group, told an analysts meeting here.

"I wouldn't be surprised if second half earnings were up in the neighbourhood of 20 *per cent from a year ago,*" Mr. Thompson said.

The first half earnings gain came mostly from the company's principal business, 7-Eleven Stores

AP-DJ

American Standard

American Standard, the construction and transport systems group, expects to report significant earnings gains in *1978 and should record further* rises in 1979, Mr. Williams A. Marquard, president said. Reuter reports from New York In 1977 the company earned $5.62 a share from operations of $88.4m, before extra-*ordinary credits of $12.4m* or 79 cents a share.

Pharaon shelves OKC bid pending SEC inquiry

BY JOHN WYLES

NEW YORK, August 3.

MR. GHAITH PHARAON, the Saudi Arabian businessman with expanding business interests in the U.S., has unexpectedly shelved a proposed tender offer for up to 25 per cent in OKC Corporation, a Texas petroleum and cement company.

A spokesman for Mr. Pharaon said in Houston to-day that it had recently been learned that the Securities and Exchange Commission was conducting a formal investigation "into certain activities of OKC." Mr. Pharaon had decided not to go ahead with the tender offer until the nature *of the investigation* was more fully known "at which time Mr. Pharaon will evaluate whether to proceed with any tender offer."

The spokesman went on to add that there could be no assurance that a tender offer would be made, or, if it is, that it will be made on the $21 a share originally announced.

Reacting to this surprise development, Mr. Cloyce K. Box, OKC's chairman, chose his words carefully this morning. He acknowledged that the company was aware that "certain inquiries" had been made by the Fort Worth Regional Office of the SEC *but emphasised* that no charges of wrongdoing had been laid against the company or any of its employees and said that if the investigation is continued, it would confirm *that there had* been no wrongdoing.

He added, "It is unfortunate that the mere fact of the Commission's inquiry, even in the absence of any charges, has nonetheless had the effect of preventing the offer from *being submitted* to the stockholders."

In 1977, OKC made a net profit of $8m on sales of $167.1m. A 24 per cent holding in the company would have cost Mr. Pharaon $19m although his pro*posed tender offer contemplated* a smaller purchase

Setback for Kerr-McGee

OKLAHOMA CITY, August 3.

AFTER A poor first quarter, Kerr-McGee reports a further decline in results for the second three-month period. Net earnings dropped 36 per cent, from $41.15m or $1.59 a share in 1977 to $26.3m or $1.02 a share. Sales fell 14.4 per cent from $610.4m to $522.4m.

For the first half-year, net earnings were down by 33 per cent, from $66.4m or $2.57 a share to $44m or $1.70 a share. *Sales weakened 8 per cent,* from $1.10bn to $1.01bn.

The company said oil and gas production earnings were below a year earlier due to higher liftings of foreign crude oil in the 1977 period, though it noted that 1977 second quarter results were aided by inclusion of a natural gas price adjustment. It added that a decline in chemical earnings reflected the sale of retail agricultural chemicals division *at the end of 1977.*

Petroleum marketing and refining earnings were down primarily because of lower fuel oil prices, although earnings from offshore contract drilling increased.

Uranium results in the second quarter also were below a year earlier, when deliveries under contracts were at above-average prices, Kerr-McGee said.

Reuter

EUROBONDS

Sharp gains in active trading

BY MARY CAMPBELL

EURODOLLAR bond prices moved smartly up yesterday in active trading conditions in the wake of the overnight surge in the U.S. bond market, confirming a trend which had been developing for several days. Among the factors involved is the apparent stabilisation of U.S. interest rate expectations, but the market is still almost dominated by a combination of a shortage of stock and dealer short covering. This is substantially exacerbating what would otherwise be a relatively small upward pressure from retail investors.

The price rises are concentrated at the long end as people try "to put yield on their books," as one dealer phrased it yesterday. In this dealer's view, the current improvement remains a bear market rally, rather than the start of a long-term upward movement in prices.

In the D-Mark sector, prices fell back slightly yesterday as the Bundesbank moved in again to buy stock. After several days of small buying, it yesterday bought some DM50m of domestic paper.

The terms of the latest D-Mark bond issue, DM 65m for Mitsubishi Petrochemicals, include a 5¾ per cent coupon on a five year bullet maturity. Westdeutsche Landesbank is lead manager. The coupon is the same as on previous issues, but the maturity is a little shorter.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	97½	98¼
AMEV 8pc 1987	95	95¾
Australia 8¾pc 1992	93¼	94¼
Australian M. & S. 9½pc '92	98½	99¼
Barclays Bank 8¾pc 1992	95	95½
Bowater 9½pc 1992	98¼	99
Can. N. Railway 8¾pc 1986	95½	96
Credit National 8¾pc 1986	95¾	96¼
Denmark 8¾pc 1984	98½	99
ECS 9pc 1993	99¼	100
ECS 8¾pc 1997	94½	95
EIB 8¾pc 1992	96½	97½
EMI 9½pc 1989	98¼	99
Ericsson 8¾pc 1989	97½	98
Esso 8pc 1986 Nov.	99¾	100
Gt. Lakes Paper 8¾pc 1984	98	98½
Hamersley 9¾pc 1992	101	101½
Hydro Quebec 9pc 1992	96½	97½
ICI 8¾pc 1987	95¼	95¾
ISE Canada 9¾pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97½
Massey Ferguson 9¾pc '91	98¾	99¼
Michelin 9¾pc 1988	100¾	101¼
Midland Int. Fin. 8¾pc '92	95½	96¼
National Coal Bd. 8pc 1987	93½	94
National Wstmnstr 9pc '86	100¾	101¼
Natl. Wstmnstr. 9pc '86 'B'	101½	101¾
Newfoundland 9pc 1989	100¾	101
Nordic Inv. Bank 8¾pc 1988	97	97½
Norges Kom. Bk. 8¾pc 1992	95½	96
Norpipe 8¾pc 1989	95½	96¼
Norsk Hydro 8¾pc 1992	95½	96
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97¼	98
Prov. Quebec 9pc 1995	95½	96¼
Prov. Saskatchwn. 8¾pc '86	97½	98¼
Reed International 9pc 1987	92	94
RHM 9pc 1992	95	95½
Selection Trust 8¾pc 1989	90¼	91¼
Shell Intl. Fin. 8¾pc 1990	95¼	96
Skand. Enskilda 9pc 1991	98	98½
SKF 8pc 1987	91	91½
Sweden (K'dom) 8¾pc 1987	95	95½
United Biscuits 9pc 1989	98	98¼
Volvo 8pc 1987 *March*	93¾	94¼
NOTES		
Australia 7¾pc 1984	93½	94¼
Bell Canada 7¾pc 1987	96½	97½
Br. Columbia Hyd 7¾pc '85	93½	94¼
Can. Pac. 8¾pc 1984	98¼	99
Dow Chemical 8pc 1986	97¼	98
ECS 7¾pc 1982	94½	95¼
ECS 8¾pc 1989	94	94½
EEC 7¾pc 1982	95½	96½
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8¾pc 1984	96	96½
Gotaverken 7¾pc 1982	95½	96
Kockums 8pc 1983	96½	97
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	99½	100¼
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8¾pc '83	99¼	100
New Zealand 8¾pc 1986	95¼	96
Nordic Inv. Bk. 7¾pc 1984	93½	94¼
Norsk Hydro 7¾pc 1982	95½	96¼
Norway 7¾pc 1982	93½	94¼
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95	95½
Telmex 9¾pc 1984	99	99½
Tenneco 7¾pc 1987 *May*	91½	92¼
Volkswagen 7¾pc 1987	95½	96
STERLING BONDS		
Allied Breweries 10¾pc '90	89½	90¼
Citicorp 10pc 1993	92½	93½
Courtaulds 9½pc 1989	90	91
ECS 9¾pc 1989	94¼	95¼
EIB 9¾pc 1988	96½	97½
EIB 9¾pc 1992	93½	94¼
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10¾pc 1988	90	91
Sears 10¾pc 1988	92	93
Total Oil 9¾pc 1984	90	91
DM BONDS		
Asian Dev. Bank 5¾pc 1988	93½	94¼
BNDE 6¾pc 1986	95½	96¼
Canada 4¾pc 1983	97	98
Den Norske Ind. Bk. 6pc '90	97½	98½
Deutsche Bank 4¾pc 1983	96½	97½
ECS 5¾pc 1990	90½	91½
EIB 5¾pc 1990	90½	91½
Elf Aquitaine 5¾pc 1988	93	94
Euratom 5¾pc 1987	96½	97½
Finland 5¾pc 1986	93½	94½
Forsmarks 5¾pc 1990	94	95
Mexico 6pc 1985	94½	95½
Norcem 5¾pc 1989	98	99
Norway 4¾pc 1983	96½	97½
Norway 4¾pc 1983	94½	95½
PK Banken 5¾pc 1988	94	95
Prov. Quebec 6pc 1990	95½	96½
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	94½	95½
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	95½	96½
Venezuela 6pc 1988	94	95
World Bank 5¾pc 1990	94½	95½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 8¾pc	98½	99¼
BNP 1983 8 11/16pc	99½	100¼
BQE Worms 1985 9pc	97½	98¼
CCF 1985 8¾pc	98½	98½
Chase Manhttn. '93 9 5/16pc	98½	98½
Creditanstalt 1984 8¾pc	98½	99¼
DG Bank 1982 9pc	99¼	100
GZB 1981 8 11/16pc	99½	100¼
Intl. Westminster 1984 8pc	98½	99¼
Lloyds 1983 8 13/16pc	98½	99½
LTCB 1989 8pc	99¼	99½
Midland Int. FS '87 8 9/16pc	98½	99
Midland Int. FS '93 9 7/16pc	98½	99¼
Nat. Wstminstr. '90 9 5/16pc	98½	99
OKB 1983 9¾pc	99¼	100
SNCF 1985 9 5/16pc	99	99½
Stand. and Chtrd. '84 8¾pc	98½	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¾pc '87	82	83½
Ashland 5pc 1988	101½	102½
Babcock & Wilcox 6¾pc '97	114½	115½
Beatrice Foods 4¾pc 1992	98	99½
Beatrice Foods 4¾pc 1992	110	111
Beecham 6¾pc 1992	108	109
Borden 5pc 1992	99	100¼
Broadway Hale 4¾pc 1987	76	77½
Carnation 4pc 1987	79	80¼
Chevron 5pc 1988	131½	133
Dart 4¾pc 1987	82	83½
Eastman Kodak 4½pc 1988	86½	88
Economic Labs. 4¾pc 1987	78	79½
Firestone 5pc 1988	79½	81
Ford 5pc 1988	87	88½
General Electric 4¾pc 1987	83	84½
Gillette 4¾pc 1987	77½	79
Gould 5pc 1987	121½	123
Gulf and Western 5pc 1988	86½	88
Harris 5pc 1992	205	210
Honeywell 6pc 1986	88	89½
ICI 6¾pc 1992	91½	92½
INA 6pc 1997	98½	100
Inchcape 6¾pc 1992	107½	109
ITT 4½pc 1987	79½	81
Jusco 6pc 1992	[illegible]	123
Komatsu 7¾pc 1990	139½	140½
J. Ray McDermott 4¾pc '87	148½	150½
Matsushita 6¾pc 1990	192	193
Source: Kidder, Peabody Securities.		

Increasing sales and profits at Hoover

NEW YORK, August 3.

FURTHER STEADY growth is recorded by Hoover, the American household appliance manufacturer. Second quarter net earnings totalled $6m or 46 cents a share, 17.6 per cent up on corresponding returns for 1977 ($5.1m or 39 cents a share) while sales amounted to $176.1m, only 27 per cent up on the previous year's total of $138.5m.

The figures reflect sound improvements on first quarter returns which showed profits up 14 per cent on marginally lower sales.

At the half-way stage, net earnings were $10m or 76 cents a share; against $8.6m or 66 cents a share—an increase of 16 per cent. Sales advanced by 13 per cent, from $283.3m in 1977 to $320.5m.

There was an unrealised foreign exchange loss of 3 cents a share in the second quarter compared with a gain of 4 cents a share a year earlier.

In the 1978 half, the foreign exchange loss amounted to 4 cents a share and in the year-ago *half* there was no gain or loss.

AP-DJ

BRIEFLY

Downturn at Uniroyal

NEW YORK, Augus 3.

SECOND quarter net income of tyres and chemicals manufacturer Uniroyal Incorporated fell from $16.4m or 56 cents a share to $8.8m or 29 cents a share on sales revenues og $739m against $714m. This result cut first half net income from $29.7m or $1.02 a share to $6.1m or 14 cents a share. Revenues for the first half edged upwards from $1,365bn to $1.37bn.

Also reporting second quarter results today were natural gas pipeline operator Transco Companies, down from 66 cents to 54 cents, and food wholesalers Fleming Companies, up from 44 cents to 51 cents.

Another food company, Pet Incorporated, today reported first quarter earnings of 57 cents compared with 62 cents, while for the last six months Columbia Gas Systems rose from $2.61 to $3.

For the first half of the current fiscal year, International Flavors and Fragrances rose from 67 cents to 82 cents, and electronic systems manufacturer *EG and G Incorporated* advanced from 70 cents to $1.

Office equipment maker Lanier Business Products saw net income for the full year rise from $6.73m or $1.60 a share to $9.08m or $2.14 a share. Sales revenues were *strongly ahead at $130.3m* compared with last year's $91.2m.

Stainless and high alloy steel manufacturer Carpenter Technology had fourth quarter net income of $10.8m or $1.28 a share against $9m or $1.06 Agencies

TXIA plans $25m issue

PARIS, August 3.

TEXAS International Airlines of Houston (TXIA), which is bidding for a major stake in National Airlines, a larger group and one of the world's 25 biggest airlines, is raising $25m in Europe. Proceeds, to be added to TXIA's general funds, may be used for buying additional National Airlines' common stock, or for capital expenditures, including aircraft purchases.

TXIA's Netherlands financing subsidiary is to offer $25m of 1993 convertible subordinated debentures through a syndicate managed by Smith Barney, Harris Upham and Kidder, Peabody International. The debentures will be convertible after April, 1979, into common stock of TXIA. *The proposed* offering is scheduled for August 17, 1978.

Agencies

IBM-Xerox

In our report on the IBM-Xerox *patent settlement on Wednesday* August 2, the patent ownership of two product series was inadvertently switched. Copiers 1, 2 and 3 are protected by IBM patent and the 4000 and 4500 series by Xerox patent.

TELCO maintains sales despite production cuts

BY R. C. MURTHY

BOMBAY, August 3.

PROFITS and revenues at Tata Engineering and Locomotive Company (TELCO) were broadly maintained in the year to March, in spite of an acute power shortage at Jamshedpur, in Bihar, where its plant is located, and labour unrest which disrupted production at its subsidiaries. The company's turnover was Rs 2.85bn ($340m), against Rs 2.86bn in 1976-77, while pre-tax profits were marginally lower, at Rs 104.4m ($12.4m).

In expectation of a sharp rise in its turnover and profits for the current year, TELCO has proposed a bonus issue of equity shares on a two-for-five basis.

Commercial vehicle production last year fell by 10.7 per cent—from 26,107— mainly because of the power shortage at Jamshedpur. However, a 28.2 per cent increase in turnover of the excavator division, from Rs 123.1m to Rs 158.7m ($19m), and a 13.5 per cent rise in spare parts sales helped TELCO to match the previous year's level of revenue.

The dividend is to be maintained at 15 per cent, and the company has transferred Rs 76.2m to the general reserve, compared with Rs 12.5m in the previous year.

The highlight of TELCO's recent operations has been the commissioning of vehicle manufacturing operations at its new plant at Pune, Maharashtra, in June. It proposes to produce some 7,000 vehicles at the plant during the current year. The plant during the current year. The Pune plant will enable the company to increase commercial vehicle output from 24,000 to 36,000. It is planned to produce 34,000 vehicles this year.

As a result, revenue is expected to go up by more than Rs 500m. The investment undertaken over the past four years is expected to increase profits and to enable the company to maintain, if not increase, the dividend on the increased capital.

The Government has asked the company to embark immediately on a further expansion, to 50,000 vehicles. But the company has thought it prudent, says Mr. S. Moolgaokar, the chairman of TELCO, to implement the further expansion plan as soon as production stabilises at the licensed capacity. This cautious policy was not because of demand constraints, but resulted from a scarcity of trained personnel. There had been a brain drain to the Middle East countries, with Indian companies unable to match the salaries paid there.

In contrast with many other commercial vehicle manufacturers in India, TELCO faces strong demand for its output. Tata vehicles, produced originally with Mercedes Benz collaboration, have a waiting list of six to eight months. Recently, TELCO introduced a new model, the 1210E, incorporating major improvements designed to lower operating costs and raise levels of performance. The warranty for the new model has been doubled.

The company's exports rose to Rs 372.8m, from Rs 234.2m in 1976-77, and further improvement is expected—with a level of Rs 460m seen for the current year, provided there is no change in Government policy.

TELCO is planning to diversify into marine and industrial diesel engines, for which it has received an industrial licence from the Government. A sizeable demand is seen, because of the Government's policy of establishing more shipyards, and the rapid expansion of the trawler fleet.

TELCO is a highly diversified company, producing truck and bus chassis, excavators, forklift trucks, general and special purpose machine tools, steel castings, and electronic equipment such as printed circuit motors up to 2.2 kW ratings.

Haw Par sells property stake

By H. F. Lee

SINGAPORE, August 3.

HAW PAR BROTHERS International will realise a profit of more than S$24m (US$10m) from the disposal of a major portion of its 16.5 per cent stake in the Hong Kong property development company, Cheung Kong (Holdings).

Haw Par disclosed today that it had contracted with Mr. Li Ka-Shing, chairman of Cheung Kong, for the sale of 13.76m shares out of its total holding of 18.76m shares in Cheung Kong at HK$9.80 per share in cash.

Haw Par added that it will retain its remaining holding of 5m, equivalent to 4.4 per cent of Cheung Kong's issued capital, as a long term investment.

The sale of the shares, which were acquired in 1973, the group said, will give rise to a profit before expenses of approximately S$24.3m, when compared with the current book value.

All the necessary consents for the sale, the group said, had been obtained, and the sale would be completed on September 21.

Haw Par, which will receive some S$66.86m in cash from the sale, said that the funds would be used to reduce the group's debts in the short-term, pending reinvestment.

A the end of 1977, the group had bank overdrafts and loans of S$33.7m and an amount due to trade creditors of S$41.58m. In addition, it had long-term loans and deferred liabilities of S$44.84m.

The funds will help to reduce the group's interest burden which amounted to S$6.5m last year.

Cheung Kong is currently riding on the crest of a property boom in Hong Kong. Recently, it announced an increase of more than 100 per cent in net profit, to HK$79m (U.S.$17m) for the first half-year, to June.

Haw Par stated today that the partial disposal, in the currently favourable market conditions, was in line with its policy of maximising the group's earnings.

This statement, together with recent events at Haw Par—the resignation of its chief executive, Mr. George Magnus, because of policy differences, and the acquisition of a significant stake in the group by the leading Singapore bank, the United Overseas Bank (UOB) group—suggest that major developments are in hand at Haw Par.

In the meantime, the Cheung Kong deal will boost net tangible assets per share by some 23 cents to S$1.21.

New Zealand Forest buys Marley Co.

MELBOURNE, August 3.

New Zealand Forest Products plans to acquire a 60 per cent stake in Marley Co. (New Zealand), a wholly-owned subsidiary of Marley Overseas, subject to approval of the Examiner of Commercial Practices.

NZ Forest will purchase 1.8m of the 3m NZ$1 par shares in the company at par. The acquisition will provide NZ Forest with an entry into the plastics industry, it said. Marley Co. produces plumbing and building plastic products.

Reuter

Setback at Scindia

BY OUR OWN CORRESPONDENT

BOMBAY, August 3.

SCINDIA STEAM Navigation Company carried more cargo, and improved its [illegible] by Rs 100m to Rs 979.92m ($117m) in 1977 despite the world-wide depression in shipping. But pre-tax profits fell to Rs 108.37m ($13m) from Rs 130.13m in 1976.

Although the Indian shipping industry has been able to deploy its ships profitably, the earning capacity and liquidity of the industry has been affected by the depression. As in many maritime countries, the Government here has taken steps to assist the shipping industry.

The Indian National Shipowners Association is pressing the Government to provide a refinance umbrella for ship acquisition on concessional terms, and to reschedule existing loans from the Shipping Development Fund Committee.

Scindia's profitability has been eroded by a continuous increase in operating costs, and delays in clearing ships at ports. The current year's working results, says Mr. D. M. Khatau, the chairman of Scindia, will not be as good as those last year.

Scindia is treating the current depression in shipping as a passing phase, and has embarked on a modernisation plan. Three old ships have been sold and others are being added. Besides two ships delivery of which was taken last year, a multi-purpose liner vessel, built in Japan joined the fleet in April. Four ships are under construction at the Hindustan shipyard, Visakhaptnam, for Scindia. In view the cost of ships, the company is pressing for a reduction in official levies in order to strengthen its position.

Jardine plan approved

By Ron Richardson

HONG KONG, August 3.

THE SUPREME COURT of Hong Kong has approved the scheme of arrangement under which Jardine Industries will become a wholly-owned subsidiary of the trading conglomerate, Jardine, Matheson and Co. As a result, the full takeover of Jardine Industries has become effective.

Payment of HK$4 a share to the former outside holders in the company is expected to be made by August 14.

In a similar move, the Supreme Court on July 26 approved a scheme whereby Jardine, Matheson also took full ownership of Jardine, Matheson and Co. (South East Asia).

Deficit at M-F Australia

BY JAMES FORTH

SYDNEY, August 3.

MASSEY-FERGUSON Holdings (Australia), the Canadian-controlled tractor and agricultural machinery group, incurred a loss of A$3.27m (U.S.$3.7m) in the April half-year and the directors do not expect to return to profits until next year. The company earned a profit of A$1.62m in the first half of 1976-77, but recorded a loss of A$963,000 for the full year after falling into the red in the second half.

The directors said that they expected Massey-Ferguson to benefit from improved trading in the second half of the current year, but that this would be insufficient to recoup the A$3.27m loss in the first six months.

Group sales fell 1.6 per cent, from A$48.75m to A$38.82m (US$44.5m) in the April half. The directors said that the reduced sales reflected not only the continued depressed state of the rural economy and the impact of autumn drought conditions experienced in many areas, but also the increasing number of manufacturers attempting to share the intensely competitive agricultural machinery business.

The decline in the market last year had let to heavy discounting in an effort to reduce large stock build-ups. The directors said that inventories were now returning to normal, and that they believed the market had reached its bottom.

Asian dollar market growth

SINGAPORE, August 3.

SINGAPORE'S Asian dollar market grew by U.S.$1.02bn in June, after a $208.6m rise in May, the Monetary Authority of Singapore (MAS) has reported.

Provisional MAS figures showed total Asian dollar market assets of $23.05bn in June, against $22.03bn in May and $18.80bn in June last year.

The MAS said that the Asian dollar market was more active in June as deposits increased against a background of higher interest rates and the prospects of a further rise.

The issue of U.S. dollar negotiable certificates of deposit also went up. During the month another floating rate CD amounting to $20m was issued, the ninth issue since November 1977.

Credit advanced to non-bank customers increased to $5.4bn from $5.3bn in May and $4.2bn a year earlier.

Inter-bank lending increased to $17.1bn from $16.1bn the previous month and $14.2bn in June 1977.

Non-Bank customers' deposits rose to $2.4bn, from $2.3bn and $1.9bn, repectively while inter-bank borrowings increased to $19.7bn, from $18.9bn and $16.5bn.

Reuter

Japanese bond rules change

TOKYO, August 3.

THE JAPANESE Finance Ministry changed its accounting guidelines for financial institutions, to allow them to protect themselves against fluctuations in national bond prices.

The change, applying to banks and all other financial institutions, and effective beginning with the current six-month accounting period, ending September 30, provides for the institutions to build up reserves equivalent to 1 per cent of the book value of their outstanding national bond holdings.

Until they reach this level, banks will in each six-month accounting period from now set aside out of after-tax profits 2 per cent of the net increase in their national bond holdings in the period.

Reuter

S.A. Newspapers ahead

BY RICHARD ROLFE

JOHANNESBURG, August 3.

DESPITE indications of a continuing squeeze on the newspaper industry, figures from South African Associated Newspapers for the six months to June 30 show an improvement in operating profit from R0.7m to R1m ($1.15m). But cost-cutting by the group, which controls the Rand Daily Mail, Sunday Times, Financial Mail and various regional papers, was the prime influence on the profit performance, as advertising revenue fell 3 per cent.

With earnings per share up from 23 cents to 37 cents, the interim dividend has been held at 8 cents. The Board predicts lower earnings in the second half than for the same period of 1977, when 84 cents was earned to make 107 cents for the full year. It says, however, that if the gradual improvement in the economy continues, results could be better than presently indicated, despite reduced advertising revenue and the absence of higher tariffs.

OFFSHORE BANKING

New freedom welcome in Singapore

BY PETER WEINTRAUB IN SINGAPORE

A RECENT move by the Singapore banking authorities to allow offshore banks to operate more freely in the domestic market appears as another salvo in the Republic's continuing, if officially unacknowledged battle for regional banking supremacy with Hong Kong.

Since last month, Singapore's [illegible]3 offshore banks have no longer been obliged to make a minimum two-year S$2m term loan to local customers before extending such services as Singapore dollar letters of credit, short term borrowing and export financing. The sole limitation now is that an offshore bank's loans to Singapore residents must not in the ordinary way exceed S$30m, an amount believed to be double the previous restriction.

While some offshore banks, long conditioned to ignoring the domestic market, have suggested that it would require time to adapt to the new regulations, there is little doubt that they almost all welcome the opportunities they offer, and that as a consequence Singapore's standing as a banking centre has been enhanced.

The authorities here have long played down, at least publicly, the idea that Hong Kong and Singapore are competitors for banking business in South-East Asia, pointing instead to what is referred to as the "complementary" of the two centres. Only last month this view was reaffirmed by the Prime Minister, Mr Lee Kuan Yew.

Nevertheless, many bankers here are convinced that the Monetary Authority of Singapore, which regulates all banking activities in the Republic, is highly sensitive to Hong Kong banking developments, and that on occasion modifies its own codes, in order to strengthen Singapore's position in relation to Hong Kong's.

Offshore banking in the Republic has come a long way since 1973, when the corporate tax on the banks' offshore activities stood at 40 per cent. But even with a reduction to 10 per cent there are still frequent criticisms that the tax rate remains too high, and that the reporting requirements of the Monetary Authority of Singapore are too strict.

Summarising the criticisms in a report published early this year, the U.S. Embassy here noted that many bankers felt that the figure of 10 per cent for Singapore's tax on offshore loans was a misleading one, as in some cases Inland Revenue Department regulations concerning administrative expenses effectively boosted the rate for the largest offshore banking units to between 14 per cent and 18 per cent.

In addition, the Embassy reported that some bankers found Singapore's reporting requirements onerous. The Embassy concluded, however, that while the requirements were stricter than those of Hong Kong, they were less cumbersome than those in the U.S. or Western Europe.

Singapore has recently relaxed the restrictions on offshore banks lending in the domestic market. The move appears as another salvo in the unacknowledged battle with Hong Kong for regional banking supremacy. Although offshore bankers, conditioned to ignoring the domestic market, feel that it will take time to adapt to the new regulations, they welcome the relaxation, and feel that Singapore's standing as a banking centre has been enhanced

Much of the bite of the criticism levelled against tax rates on offshore activities in Singapore has been removed by Hong Kong's decision to impose a 17 per cent tax on offshore operations there, though bankers are still waiting to see how that regulation will be enforced.

Some argue that the Hong Kong tax was introduced primarily in order to provide the Government with the means of taxing foreign banks in the wake of what is expected to be the opening of several new branches, and that for the most part the authorities will allow book entries to be made in such a way as to give exemption from the new tax.

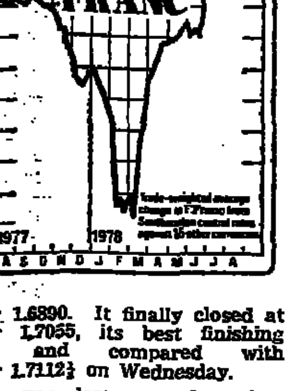
Other bankers, however, feel that the Hong Kong Government is intent on enforcing the tax across the board, and that as a result Singapore stands to gain substantial business. Because the offshore loans are only book entries, entire portfolios could be lifted out of Hong Kong in a matter of days.

At present Manila has only a 5 per cent tax rate on offshore operations, but most bankers do not regard it as an attractive alternative to Hong Kong. Not only are the communications and transportation facilities underdeveloped, compared with those in Hong Kong and Singapore, but there is a widespread belief that the low tax rate is merely a concessionary inducement to boost Manila's international banking community from its embryonic state, and would be raised as soon as a sufficient number of banks had committed themselves to doing business in the Philippines over the long term.

Singapore, on the other hand, is regarded as extremely unlikely to reverse its trend towards tax liberalisation. Also to be taken into account is Singapore's advantage over the Philippines in its reputation as one of the stable countries in the developing world.

Swiss franc very firm

Conditions in yesterday's foreign exchange market were generally quiet for most of the day interspersed with brief flurries of activity. The Swiss franc made strong headway against most currencies and in particular the dollar. The dollar had started the day a little firmer and the Swiss franc was quoted at SwFr 1.7350. However the franc very rapidly went firmer, and with the Swiss Central Bank declining to intervene to support the dollar, it touched a record level of SwFr 1.6890. It finally closed at SwFr 1.7055, its best finishing level and compared with SwFr 1.7112½ on Wednesday.



The yen lost ground against the dollar and was at its weakest during the morning at Y190.20. Later in the day, however, it recovered some of its loss to close at Y188.0 from Y186.30 previously. The West German mark finished slightly better to the dollar at DM 2.0320 against DM 2.0390. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation was slightly narrower at 9.1 per cent from 9.2 per cent.

Sterling traded quietly for most of the day and after opening at $1.9240-1.9250 it eased on a slightly firmer dollar to $1.9225-$1.9235. During the afternoon positions were reversed and it touched $1.9350-1.9360 before easing slightly to close at $1.9295-$1.9305, a gain of just 20 points. On Bank of England figures, the pound's trade weighted index rose to 62.4 from 62.3 on Wednesday.

TOKYO—The dollar recovered some of the ground lost recently in what was described as fairly heavy trading. Against the yen it improved from Wednesday's close of Y184.70 to finish at Y188.85. At one point the U.S. currency touched Y190.1 after an opening level of Y186.10. The Bank of Japan did not appear to attempt any smoothing operations although the day's range was some Y4.4. It seemed unlikely that the dollar would continue to depreciate without staging some sort of temporary recovery and some sources suggested that it had been oversold during this week. The dollar was also helped by hints that the Japanese authorities were contemplating some form of foreign exchange control although such a move has been widely rumoured for the best part of this week. There was also a good demand for forward dollars by importers wishing to cover future transactions.

The volume of trading in the spot market amounted to $669m while combined forward and swap dealings accounted for $745m.

FRANKFURT — The dollar was fixed at DM 2.0335 compared with DM 2.0457 and DM 2.0459 at Wednesday's fixing. The dollar's fall came after its sharp decline against the Swiss franc in addition to a generally good demand for the D-mark. The Swiss franc was also stronger against the D-mark, climbing to DM 1.1955 from DM 1.1870 previously.

ZURICH—Against most European currencies the dollar showed a weaker tendency. In spite of its brighter performance against the yen, the market is waiting for any sort of encouraging news from the U.S., and only this is likely to reverse the overall trend. The dollar was quoted at SwFr 1.7257 compared with SwFr 1.7430 previously. In later trading the dollar came under heavy pressure and sank to a new low of SwFr 1.6905 before recovering in largely speculative trading to SwFr 1.7025.

MILAN—The Swiss franc reached an all-time high against the lira at the fixing. The lira was also weaker against the D-mark but gained slightly over the dollar and yen. The Swiss franc was quoted at L494.75 compared with L485.81 on Wednesday while the dollar eased to L842.25 from Y842.55 late on Wednesday. The yen was also easier at L4.480 and the Bank of Italy was active in the market to prevent too wide a depreciation of the lira.

THE POUND SPOT

Aug. 3	Bank rate %	Day's spread	Close
U.S. $	7¼	1.9225-1.9360	1.9295-1.9305
Canadian $	9	2.1905-2.2055	2.1945-2.1955
Guilder	4½	4.24-4.27	[illegible]
Belgian Fr.	6	61.75-62.15	[illegible]
Danish Kr.	8	[illegible]	[illegible]
D-Mark	3	[illegible]	[illegible]
Port. Esc.	18	[illegible]	[illegible]
Span. Pes.	8	[illegible]	[illegible]
Lira	11½	[illegible]	[illegible]
Nrwgn. Kr.	7	[illegible]	[illegible]
French Fr.	9½	[illegible]	[illegible]
Swedish Kr.	6½	[illegible]	[illegible]
Yen	3½	[illegible]	[illegible]
Austria Sch	4½	[illegible]	[illegible]
Swiss Fr.	1	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

THE DOLLAR SPOT

August 3	Day's spread	Close
Canad'n $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Es	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

August 3	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

August 3	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 3	£	$		£	Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]	[illegible]
Greece Drachma	[illegible]	[illegible]	Germany	[illegible]	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]	[illegible]
Saudi Arabia Riyal	[illegible]	[illegible]	Switzerland	[illegible]	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	[illegible]	[illegible]
South African Rand	[illegible]	[illegible]	Yugoslavia	[illegible]	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 3	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.930	3.926	365.0	8.445	3.295	4.250	1634.	2.195	61.95
U.S. Dollar	0.518	1.	2.034	189.1	4.376	1.706	2.202	841.5	1.137	32.05
Deutsche Mark	0.255	0.492	1.	92.48	2.152	0.839	1.083	413.8	0.559	15.76
Japanese Yen 1,000	2.765	5.317	10.81	1000.	23.26	9.070	11.71	4474.	6.047	170.4
French Franc 10	1.184	2.285	4.648	429.8	10.	3.899	5.033	1923	2.599	73.24
Swiss Franc	0.304	0.586	1.192	110.3	2.565	1.	1.291	493.2	0.667	18.79
Dutch Guilder	0.235	0.454	0.924	85.41	1.987	0.775	1.	382.1	0.516	14.55
Italian Lira 1,000	0.616	1.188	2.417	223.5	5.200	2.027	2.617	1000.	1.352	38.08
Canadian Dollar	0.456	0.879	1.788	165.4	3.847	1.500	1.936	739.9	1.	28.18
Belgian Franc 100	1.617	3.120	6.346	586.9	13.65	5.323	6.871	2626.	3.549	100.

EURO-CURRENCY INTEREST RATES*

Aug. 3	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	10⅝-10⅞	8-9	7¾-8	5-5¼	¼-¾	2⅞-3⅛	7-7⅛	8-12	7⅝-8⅛	[illegible]
7 days notice	10⅝-10⅞	8-9	7⅞-8⅛	4¾-5	¼-¾	3⅛-3⅜	7¼-7⅝	13-14	7⅞-8⅛	–⅛-1⅛
Month	[illegible]	8⅛-8½	8-8¼	4¾-5	⅝-⅞	3⅜-3½	7¾-8	12½-13½	8⅛-8⅜	[illegible]
Three months	10⅝-10¾	8½-8⅞	8¼-8½	5½-5¾	¾-1	3½-3⅝	8½-8¾	13-14	8⅜-8⅝	1⅛-2⅛
Six months	[illegible]	8⅞-9¼	8¾-9	6¼-6½	1¼-1½	3¾-3⅞	9½-9¾	13½-14½	8½-8⅝	2⅛-2⅜
One year	11⅛-11½	9⅛-9½	8⅞-9⅛	6⅝-6⅞	1¼-1½	4⅛-4¼	9⅞-10⅛	14-15	9-9⅛	3-3⅛

The following nominal rates were quoted for London dollar certificates of deposit. One month 8.00-8.10 per cent; three months 8.20-8.30 per cent; six months 8.60-8.70 per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: two years 9-9¼ per cent; three years 9 3/16-9 5/16 per cent; four years 9¼-9⅜ per cent; five years 9 5/16-9 7/16 per cent are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates mixed

Treasury bills rates showed mixed changes yesterday with 13-week bills at 6.80 per cent from 6.79 per cent while 26-week bills were easier at 7.22 per cent from 7.25 per cent. One-year bills were also easier at 7.62 per cent compared with 7.63 per cent. Federal funds traded steadily around 7⅞ per cent showing little change from Wednesday.

One-month certificates of deposit were quoted at 7⅞ per cent for one-month while the two-month rate was a little firmer at 7.9 per cent from 7.85 per cent. Three-month deposits were also firmer at 8.01 per cent compared with 7.95 per cent previously.

FRANKFURT—Interbank money market rates were mixed with call money at 3.4 per cent from 3.45 per cent and one-month funds rising to 3.7 per cent compared with 3.6 per cent on Wednesday. Three-month money was also firmer at 3.8 per cent from 3.75 per cent while the six-month rate was unchanged at 4.1 per cent. In the final week of June, the net central currency reserves of the Bundesbank rose by DM 100m to DM 83.8bn. Other reserve assets remained at DM 5.4bn.

BRUSSELS—Call money was sharply firmer at 6.0 per cent from 4.15 on Wednesday. Deposit rates for the Belgian franc (commercial) were barely changed with one month at 5⅞-6 per cent, two-month at 6⅜-6½ per cent, six-month 7⅛ per cent and 7½-7⅞ per cent for one-year deposits. Some market sources suggested that recent attempts by the authorities, to support the Belgian franc by increasing interest rates, were not meeting with the desired effect and in fact the franc remained on or around its lowest permitted level against the D-mark within the European "snake."

AMSTERDAM—Call money was slightly easier at 4⅞-5 per cent compared with 4⅞-5 per cent while the rate for one-month was firmer at 5½-5⅝ per cent from 5⅜-5⅝ per cent. Three-month money was also firmer at 6¼-6⅜ per cent against 6⅛-6⅜ per cent but the six-month rate eased to 6¼-6½ per cent from 6⅜-6⅝ per cent.

PARIS—Day-to-day money was unchanged at 7⅛ per cent while the one-month rate was easier at 7 3/16-7 5/16 per cent from 7¼-7⅜ per cent. Three-month money was also easier at 7 5/16-7 7/16 per cent compared with 7⅜-7½ per cent. Longer-term rates were unchanged at 7⅝-7⅞ per cent for six-month and 8⅜-8½ per cent for 12-month.

UK MONEY MARKET

No change in MLR

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Any change in Bank of England minimum lending rate would normally have been made known at 12.30 pm yesterday and in the absence of any announcement by the authorities, MLR remained at 10 per cent. However interest rates have recently shown a softer tendency and yesterday discount houses were quoting buying rates on three-month Treasury bills at 9⅛ per cent in places.

Day-to-day credit was not in very good supply and after the authorities had lent a hand by buying a moderate amount of Treasury bills and a small number of local authority bills, discount houses were still paying 9¾-10 per cent for secured call loans.

By far the biggest factor against the market was the resale by the authorities of a large number of bills bought on that basis at an earlier date. This was in addition to a slight number of local authority bills maturing in official hands and slight gilt sales.

Banks also brought forward balances a little run down. On the other hand, there was a modest fall in the note circulation and slight maturities of Treasury bills in the market.

In the interbank market, overnight loans opened at 9¾-10 per cent and traded for most of the day at 9¾-10 per cent. However with conditions remaining tight rates firmed up to 10¼-10½ per cent before closing at 11½-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 3 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9¾-12	[illegible]	—	—	[illegible]	[illegible]	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	[illegible]	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	10
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	10⅛
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	10¼
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Longer-term local authority mortgage rate nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; and two-month [illegible] per cent; three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association): [illegible] per cent from August 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

GOLD

Nervous trading

Gold lost $1 an ounce in the London bullion market yesterday to close at $202¾-203. Although fairly active, trading was generally nervous mainly as a result of the lack of any clear trend in the U.S. dollar. The metal opened at its lowest point for the day at $201¾-202¼ and was fixed at $201.75 in the morning and $202.2 during the afternoon. At one point it touched $203-203½ which was the best level for the day.

In Frankfurt the 12½-kilo gold bar was fixed at DM 13,300 ($202.88 per ounce) compared with DM 13,375 ($203.38) previously.

	Aug. 3	Aug. 2
Gold Bullion (a fine ounce)		
Close	$202¾-203	$203¾-204
Opening	$201¾-202¼	$203-203½
Morning fixing	$201.75 (£104.322)	$203.25 (£105.575)
Afternoon fixing	$202.20 (£104.745)	$203.25 (£105.393)
Gold Coins domestically		
Krugerrand	$210½-212½ (£108-110)	$211½-213½ (£109½-110½)
New Sovereigns	$59-61 (£30½-31½)	$59-61¼ (£31-32)
Old Sovereigns	($59-60) (£30-31)	$58½-60½ (£30½-31½)
Gold Coins internationally		
Krugerrand	$208-210 (£107½-108½)	$209½-211½ (£108½-109½)
New Sovereigns	$57½-59½ (£29½-30½)	$57½-59½ (£30-31)
Old Sovereigns	$59-60 (£30-31)	$59½-60½ (£30½-31½)
$20 Eagles	$287½-290	$287-289
$10 Eagles	$144-149	$144-149
$5 Eagles	$104-109	$104-109

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.875
Treasury Bills (13-week)	6.80
Treasury Bills (26-week)	7.22

GERMANY

Discount Rate	3
Overnight	3.4
One month	3.7
Three months	3.8
Six months	4.1

FRANCE

Discount Rate	9.5
Overnight	7.125
One month	7.25
Three months	7.375
Six months	7.8125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.75

The Property Market

BY JOHN BRENNAN

Barclays bows out of property trusts

BARCLAYS BANK is to close the last of its troubled property unit trust operations.

The bank, which lost around £15m earlier this year on the financially disastrous Tour Astro office tower in Brussels — after bailing out and subsequently selling the portfolio of the Grasshopper Property Unit Trust — is now to wind-up the £2.7m Barclaytrust International Property Fund.

The decision means that the bank has completely abandoned the property unit trust market, although its in-house fund, Barclay Trust Property Unit Trust, is unaffected.

In a statement to unitholders the chairman of Barclaytrust International's management committee, Nigel Mobbs — the chairman of Slough Estates — explains that, "lack of subscriptions has prevented the Committee of Management from building up the Fund's portfolio in the manner envisaged at the outset."

After a run of unit cancellations last year Mr. Mobbs explains that the trust sounded out opinions amongst unitholders and came to the conclusion that, "it was apparent that the level of interest in the Fund was limited."

As future subscriptions were likely to be minimal, and further withdrawals might have forced an untimely sale of the fund's properties, the alternatives of mergers with another unit trust or winding-up were considered. As demand for prime overseas investment properties is high, the committee decided to wind-up the fund and dispose of the properties individually.

The fund, which was set up in 1974, shortly before the introduction of tighter foreign currency regulations and the slide in the value of the pound made overseas property investment increasingly difficult, did manage to acquire a portfolio of shop and office properties in Amsterdam, and a small office block in St. Helier, Jersey. The portfolio was valued at £2.4m in January, and all the properties have now been sold.

Unitholders are expected to receive a final pay-out of around £1,040 per unit, £150 more than the January 1977 cancellation price.

APT changes advisers

THE AMERICAN Property Trust has decided to sever its links with its U.S. property advisers, Citizens and Southern Bank of Atlanta, and has handed the job over to surveyors Richard Ellis.

APT, one of the first of the British unauthorised unit trusts to move into the U.S. real estate market, has used Citizens and Southern's property department as its local adviser since 1974. But the £12m fund, backed by nine of the larger pension funds, has decided that as the bank's problems with Real Estate Investment Trusts forced it into the red last year, it could prove an embarrassment when the next issue of units is launched in a few weeks.

County Bank, APT's financial advisers, say that the trust has been happy with Citizens and Southern's advice, but that the Committee of Management, headed by Bobby Dashwood, managing director of British Rail's property Board, felt that property advisers with long standing in-house property problems did nothing for the Trust's image.

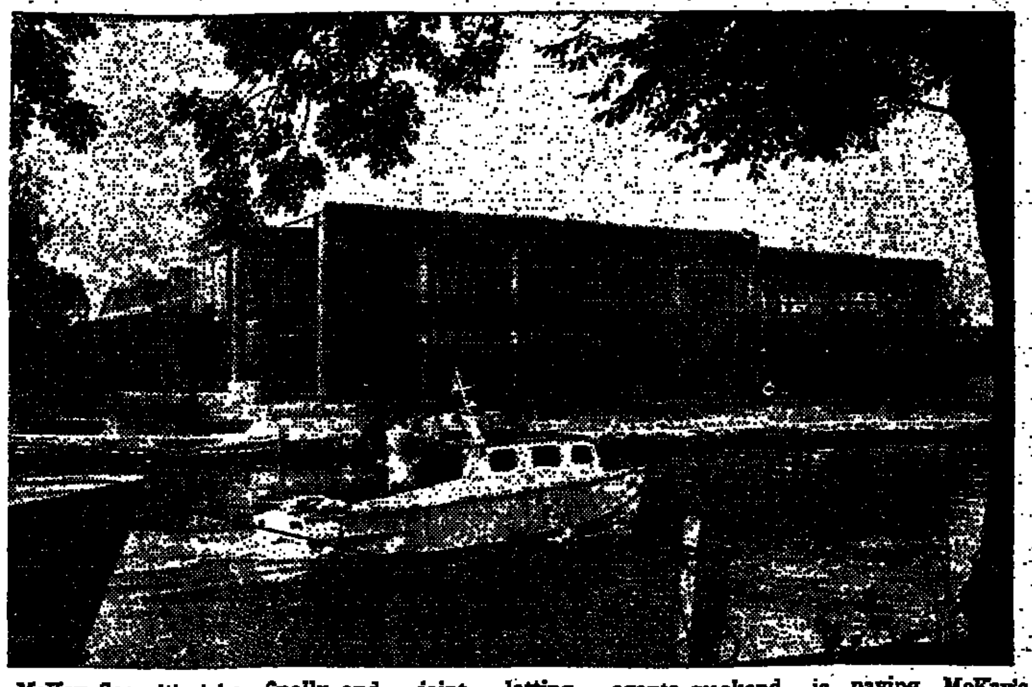
Ellis, which has been the Trust's independent valuer since its inception, will now open an office in The Citco Building, Buckhead, Atlanta. The firm opened its first U.S. office in Chicago in 1976.

●

On the other side of the U.S., in California, the Japanese financial institutions have been making the running among overseas investors in recent months.

Elizabeth Prochotska, Vice-President of International Real Estate Councillors of Chicago, calculates that Japanese buying will account for at least 15 per cent of the $4bn of foreign investment in U.S. property this year, and that the inflow of Japanese money has increased significantly as the Dollar-Yen parity has moved against the U.S.

Initial purchases on the U.S. West Coast have been followed up by heavy Japanese buying interest in the Mid and South West, and Miss Prochotska reports the greatest demand is for vacant land, which sells for an average of $125 a square foot in Houston, Texas compared to $4,000 a square foot in Tokyo.



McKay Securities' has finally found tenants for its award winning Excel House office and warehouse development at Reading. The buildings, which were commended in last year's FT Industrial Architectural Awards, sub-divide into two, and joint letting agents Donaldsons and A. C. Frost have now signed up Zanussi, Europe's largest white electrical goods manufacturer, as tenant of one 30,000 sq ft unit.

Zanussi, whose ballooning publicity campaign splashed down off the French coast last weekend, is paying McKay's asking rent of £73,000 a year for 8,550 sq ft of offices and 21,100 sq ft of warehousing for a standard 25-year lease.

Reading agents Scotchbrooks acted for Zanussi, which will use the block as its UK headquarters. McKay has the remaining space—8,860 sq ft of offices and 16,960 sq ft of warehousing—under offer at a £75,000 a year asking rent.

McKay's development was built on the site of Reading's former Excel bowling alley, and the transformation of another local leisure facility to industrial use, GRA's former greyhound stadium site, is now well under way.

Trafalgar House's subsidiary Builders' Amalgamated, acquired GRA 10 acre site some years ago and has now completely let the 105,000 sq foot first phase at rents between £1.50 and £1.80 a sq ft.

As the eight units have been built as small as 7,400 sq ft, letting agent Hampton and Sons' main problem has been vetting the covenants of countless small groups interested in the scheme. In the end, tenants on 25 year leases include Tate and Lyle, Caversham Metal Works, Vidal Sassoon Holdings and Newey and Eyre.

Work has now started on the 112,000 sq foot second phase, and two pre-letting around the £2 a sq ft asking rent already account for 25,000 sq ft of the new buildings, which will be completed from July, 1979.

IN BRIEF

STANDARD LIFE'S £23.2m Pooled Property Fund sounds a note of caution about industrial and warehouse rents in its 1978 investment report. The fund, which holds 31 per cent of its properties in the industrial sector—against a 34 per cent shop holding and 35 per cent offices—notes that "the most surprising feature of the rental market during the year has been the rise, concentrated mainly in the last six months, in the rentals of industrial and warehouse properties. The increase has become particularly noticeable in the South East and is now gradually spreading throughout the country."

Standard goes on to say that, "In view of the continuing uncertainty in the long-term economic outlook, it appears that a significant part of this increase in demand is a result of company reorganisation rather than of expansion and as such could be of limited duration."

Standard is still avoiding purchasing completed investment properties as it feels that, "yields have been forced down too far."

●

PROPERTY FUNDS for pensions and charities significantly outperformed the FT Industrial Ordinary Share Index, and beat the All Share Index in the year to the end of June.

Harris Graham and Partners' survey of pooled pension funds, published this week, shows an average year-on-year growth of 21.4 per cent for the 27 funds it reviews, against a 6.8 per cent rise in Industrial shares and a 16.6 per cent increase in the All Share Index. In the first six months of this year the median return on property funds works out at 8.3 per cent compared with a negative return of −3.7 per cent on the All-Share Index.

The £57.7m Hanover Property Unit Trust led the way in the property sector, with a year-on-year increase in value of 36.7 per cent. And the £7m Abbotstone Agricultural Property Unit Trust held its three year record as one of the top two performing funds with a 36.4 per cent rise in value over the year. Hill Samuel's Mutual Agricultural Property Fund, came third in the HG survey with a 35.5 per cent growth.

●

THE ALFRED MARKS BUREAU provides additional ammunition for relocation enthusiasts with its latest Survey of Secretarial and Clerical Salaries.

The 45th edition of the survey, published this week, covers salaries to the end of May 1978 and shows that despite generally high levels of unemployment clerical staff in London are still in short supply. On a year-on-year basis vacancies for secretarial jobs in the capital increased by no less than 37 per cent in the last quarter, and demand for staff pushed average secretaries' weekly wages up to £66.75 in London.

Regional wage scales show that, after London, secretaries in Basingstoke and Birmingham tied for second place with average weekly earnings of £5[illegible], followed by Coventry at £51.7[illegible]. In provincial cities average wages run in a fairly close range around an average of £50 a week, falling to £48.25 a week in Stoke-on-Trent, still the cheapest city for clerical staff according to the review.

Despite the fairly rapid increase in Central London salaries since the beginning of the year, British secretaries remain amongst the lowest paid in Europe. Calculating annual salaries for senior secretaries in seven European countries, Alfred Marks shows that, after allowing for the cost of living, net salaries averaging £2,315 a year in Britain stand against salaries of £6,058 in Switzerland, £4,764 in Belgium and £4,356 in Germany.

One of the Bureau's regular survey questions to trainee secretaries is to ask "what would be an ideal type of firm to work for?" In the group surveyed this time, travel firms topped the list yet again — being the ideal job for 49 per cent of the sample of trainees—followed by newspapers and magazine companies at 31 per cent, and advertising or public relations firms at 28 per cent. Property companies or estate agents came ninth in the list, at 13 per cent, and stockbrokers brought up the rear, ranking 18th, and scoring support from just 2 per cent.

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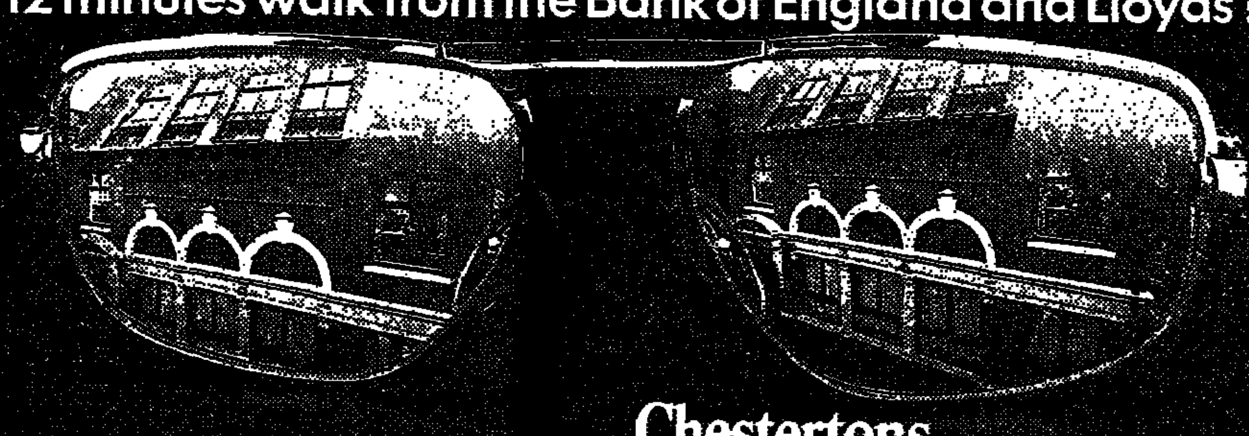
Property Deals appears on Page 25

INDUSTRIAL AND BUSINESS PROPERTY



PROPERTY DEALS

DLT kills ice rink scheme

EDINBURGH ICE RINK has decided not to go ahead with plans for a new ice rink development on its 3 acre site at Ferry Road, Edinburgh.

Ian Dougal, Edinburgh Ice's chairman, explained yesterday that after a revised cost study of the scheme his board, and the British Linen Bank, the company's financial advisers, feel that it would be too expensive to proceed. In February the company reported that all but £10,000 of the £571,000 estimated building costs would be covered by the gross proceeds from the sale of the company's headquarters building at Haymarket Terrace in Edinburgh. But Edinburgh Ice has since been faced with a £243,000 liability to Development Land Tax following the sale, and although the company is now appealing against the assessment, at the same time estimated building costs on the new rink scheme have risen to around £700,000, effectively killing the scheme.

The company is now considering the possibilities of an association with another ice rink group or of selling its Ferry Road land. But as the site is zoned for recreational use, and such a disposal would leave the group as a cash shell with potential capital gains liabilities, Mr. Dougal has only limited room for manoeuvre.

In the meantime, the shares, last traded at 97p, have been temporarily suspended. Until the DLT liability is settled and any potential CGT liability assessed it is impossible to put an accurate value on the stock. But even assuming the worst possible tax problems the shares are backed by between £1 and £1.50 cash.

●

NSS NEWSAGENTS which recently moved into the former Budgen store at 48-50 in Bicester High Street, has now bought out Abbey Life's freehold interest in the building for £100,000. Hammond Phillips Partnership acted for NSS on the 7,000 sq ft store. HP has first completed two other recent deals fo rthe newsagents, taking on Cantor's 6,750 sq ft former shop in West Walk at Yate, near Bristol for a rent of £16,000 a year, and organising a move into the Newday Furnishing Company's old premises in the town centre scheme at 1-5 The Mall and 60-62 Church Street in Eccles, near Manchester. NSS paid a £25,000 premium for the lease, which runs to 1991 at a rental of £9,050 reviewed in 1985. Davis and Coffer acted for Newday.

●

THE CHURCH COMMISSIONERS have now let the whole of their new 16,000 sq ft air conditioned office space at 100 Rochester Row, Victoria for £7.65 a sq ft to London and Northern Group's subsidiary, Pauling and Co. The Commissioners, advised by Cluttons, have let the unit and its executive flat and 10-car parking spaces, on a standard 25-year, five-year reviewed exclusive lease.

Gross Fine and Krieger Chalfen, who acted for L and N will be assigning Pauling's remaining 7-year leasehold on the group, existing 10,000 sq ft of offices at Mountbarrow House near the air terminal in Victoria once rent review negotiations, bringing the lease from its current £1.50 a sq ft, are completed.

The Rochester Row letting helps to confirm the strength of letting demand shown in Leslie Lintott and Associates' latest survey of air conditioned offices in the greater West End. The survey records a take-up of over 100,000 sq ft of air-conditioned space in June, bringing the three-month rolling average above 100,000 sq ft despite a very depressed market in May, when just 23,000 sq ft were let or withdrawn.

The June lettings cut the overall amount of space in this category in Victoria and the West End to £1.3m sq ft. The lettings bring average asking rents back to the 1978 peak of £11.71 a sq ft and into the over £13 a sq ft bracket for larger, prime located units.

●

C & A has decided to abandon its plans for a major store development in Dublin and has now sold its Mary Street site to Marks and Spencer which until now has only had one Irish outlet, in Belfast, Northern Ireland. M and S has taken on a site occupied by a temporary tenant, and once the space is vacated, the group will build a 25,000 sq ft first phase store which will eventually be joined to a similar sized addition bringing the total retail space to round 55,000 sq ft. The store is expected to be open for trading early in 1980.

●

NOTTINGHAM-based developers Field Estates reinforced its links with the Canada Life Assurance Company last Friday by completing the £1m sale of its St. Margaret's Way shop scheme in Leicester. Canada Life, which bought Field's shop project in Derby last year, arranged to buy the 63,000 sq ft Leicester development last November, and the deal was triggered by the beginning of trading by the home improvements group Dodge City—which occupies 26,000 sq ft—and Queensway Furnishers—taking the remaining 37,000 sq ft. Both stores pay around £1.50 a sq ft on 25 year, five yearly reviewed leases.

As Field, and now Canada Life, pay only a peppercorn rent to Leicester council for a 99 year lease on the site, there are no ground-rent charges to depress the fund's yield, which works out at an initial return of just over 8 per cent as the developer retains a slice of the rents until the first rent reviews in 1983.

J.B.

APPOINTMENTS

WORLD STOCK MARKETS

Wall St. well below best after record trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—106¼% (100½%)
Effective $1.9300—53⅛% (48⅞%)

IN THE heaviest day's trading on record, the Wall Street stock market continued to move sharply ahead initially yesterday before reacting on profit-taking to close just moderately higher on balance.

The Dow Jones Industrial Average, following Wednesday's 23 points advance, reached 905.15 yesterday before finishing only 3.38 higher on the day at 886.87. The NYSE All Common Index managed a net rise of 31 cents at $58.13, after a day's high of $58.63, while gains outnumbered losses at the close by 1,003 to 629 after an early five-to-one lead.

Buying was extremely heavy in the first hour of trading with New York Stock Exchange turnover of 20.13m shares surpassing the previous first-hour record of 17.38m shares set on April 25.

Trading volume for the whole session totalled 65.50m shares, topping the previous record day's turnover of 63.50m recorded on April 17 this year and well exceeding Wednesday's level of 47.47m.

Analysts said the morning's explosion was touched off by a conviction that interest rates have peaked for the near term and was fuelled by very large concentrations of cash in the hands of institutions, but they also noted that volume contracted sharply as the market began to give ground on profit-taking.

Brokers added that profit-taking was partly prompted by a report of severe downward pressure on the dollar in Europe on rumours of a devaluation of the Dutch guilder and the Belgian franc, causing a rush into Swiss francs and West German marks.

Also affecting later sentiment was a Salomon Brothers forecast that upward pressure on interest rates is likely to remain strong.

Brokers added that some investors tended to back away from the market late in the session to await the Federal Reserve weekly money supply report. After the stock market close, the Federal Reserve reported that the nation's basic money supply (M1) rose $2.7bn in the latest reporting week, while the broader-based M2 measure expanded by $4.2bn.

Citicorp led the actives list and rose 1½ to $26. **Occidental Petroleum**, also active, eased ¼ to $21⅝—its Hooker Chemical unit denied that it has any legal responsibility for consequences related to chemical wastes dumped in Buffalo, New York.

After a late start, **Tropicana** added 1¼ at $32 but then trading was again halted—late in the day, an Appeals Court refered back to a lower court for rehearing a Federal Trade Commission effort to block the proposed merger of Tropicana and Beatrice. Beatrice put on ⅝ to $26¼.

Armstrong Rubber reported lower fiscal third-quarter net profits but rose 1⅛ to $21⅞. **Medtronic** lost 2¾ to $29¼ and **American Family** 2¼ to $13⅞.

International Business Machines which jumped $12 the previous day, lost 3¼ to $285½ ex-dividend. **Du Pont** declined 2¾ to $124¼, but **Procter and Gamble** added 1½ at $90¾.

Motor Manufacturers were higher after reporting that late July car sales were up 0.4 per cent. **Ford** rose 1⅛ to $48⅛.

Retailers were also firmer on July sales figures. Active **Sears** gained ¼ at $26.

OKC weakened 3¼ to $17 on announcing that Saudi businessman Ghaith Pharaon has dropped plans to make a tender offer for all OKC shares.

THE AMERICAN SE Market Value Index ended 0.68 stronger at 157.26 after a large turnover of 6.63m shares (5.34m).

Canada

Shares continued to move strongly ahead yesterday, with the Toronto Composite Index advancing 9.6 more to a fresh 1978 peak of 1,214.9 in the busiest trading on the stock exchange for the past three months. Volume 6.18m shares (4.82m). Metals and Minerals rose 12.7 to 1,031.9 on index, while Oils and Gas gained 13.5 to 1,571.4, Banks 3.60 to 287.09 and Utilities 1.22 to 184.30, but Golds contrasted with a reaction of 23.5 to 1,502.6.

Imperial Oil "A" rose ⅜ to $20⅜—the company is expected to spend C$175m to acquire some oil and gas leases held by Noranda Mines' 75 per cent owned Canadian Hunter Exploration.

Zellers "A" added $C1 at C$10—Hudson's Bay plans to offer one Hudson's Bay share and C$15.50 cash for every four Zellers shares.

Tokyo

Stock prices overall remained easier-inclined, although export-orientated issues took a turn for the better, helped by the U.S. dollar's recovery against the yen on the Tokyo foreign exchange market and the overnight Wall Street advance. The Nikkei-Dow Jones Average picked up 5.90 to 5,556.72. Trading volume amounted to 250m shares (280m).

Among Electricals, Vehicles and Cameras, **Sony** rose Y40 to Y1,550, **Pioneer Electronic** Y30 to Y1,640, **Nissan Motor** Y17 to Y752 and **Canon** Y2 to Y442.

Pharmaceuticals, Foods, and some Public Works issues also rose in fairly active trading, but some recently-selected Chemicals, Textiles and speculatives lost ground on profit-taking, although **Kaken Chemical** moved ahead Y300 to Y2,230.

Green Cross rose Y120 to Y2,270, **Mochida Pharmaceutical** Y110 to Y1,730, **Fujisawa Pharmaceutical** Y101 to Y1,000, **Eisai** Y100 to Y1,230, **Nippon** *Chemiphore* Y100 to Y1,270, **Toyama Chemical** Y59 to Y819, **Sanraku-Ocean** Y10 to Y530 and **Nissin Food Products** Y10 to Y1,290.

On the other hand, **Nippon Telecommunications Construction** declined Y70 to Y3,710, **Arabian Oil** Y60 to Y1,610, **Toho** Y60 to Y7,000, **K. Hattori** Y30 to Y1,280, **Riken Vinyl Industry** Y29 to Y450, **First Baking** Y25 to Y470 and **Teikoku Sanso** Y24 to Y211.

Paris

After advancing afresh in active trading, shares partially reacted on profit-taking, although the Bourse Industrial index closed 1.0 higher on the day at a new peak for the year of 76.5.

Early buoyancy was aided by the sharp overnight Wall Street rise and the slowing in the French Industrial Wholesale index in June.

Metals were particularly firm again, with shares in the group gaining between 3 and 7 per cent, including **Creusot, Marine, Denain, Sacilor** and **Penarroya**.

Other bright spots included **Cie. Bancaire, Silic, Simco, Alsacienne-Supermache, Primagaz, Casino, Sagem, Presses-Cite, Pierrefitte, Peugeot-Citroen, Poliet**, and **Moulinex**, but closing lower were **Union des Banques Francaises, Schneider, Munn, Lafarge, Saunier-Duval, Arjomari, Prenatal, Labinal, Pompey, Europe-1** and **SNPA**.

Germany

Market continued to react from its recently attained high point for the year, reflecting concern about the U.S. dollar and last month's rise in West German unemployment. The Commerzbank index receded 4.9 more to 806.5.

BMW shed DM 2.50 in Motors, **Hoechst** DM 1.40 in Chemicals, **Klocknerwerke** DM 2.30 in Engineerings and **Deutsche Bank** DM 1.70.

Against the trend, however, **Thyssen-Industrie** rose DM 1, **Kali-Chemie** DM 1.50 and **Holzmann** DM 4.

The Bond market was further unsettled by a new issue of Schuldschein notes, with yields ranging from 6.15 per cent for three years to 7.03 per cent for 10 years. Public Authority Bonds *recorded fresh declines* to 45 pfennigs and the Bundesbank purchased DM 22.4m nominal of stock (DM 5.5m). Mark Foreign Loans were also easier.

Hong Kong

Trading remained active, although the market continued to consolidate its position after the recent upthrust and prices closed narrowly mixed. The Hang Seng index slipped 0.53 to 592.43, while turnover on the four exchanges came to HK$145.25m (HK $145.81m).

Jardine Matheson shed 20 cents to HK$16.20, **Hong Kong Land** 10 cents to HK$10.60 and **Swire Pacific** 5 cents to HK$9.20, while **Hutchison Whampoa** and **Wheelock** were unchanged at HK$6.40 and HK$3.275 respectively, and **Hongkong Bank** rose 10 cents to HK$20.20.

Property stocks generally rose ahead of today's land auction, and **Cheong Kong** advanced 85 cents to HK$10.70 on news that Haw Par is selling 13.76m Cheong Kong shares to the Cheong Kong chairman.

Australia

Minings remained in easier vein, having met little if any London support, partly because London is nearing the end of a trading account, partly because a considerable amount of London's investment funds were drawn out of the market by the £57m deal in Trust Houses Forte shares, and partly because a Telecom strike *is interrupting* communications.

However, Industrials managed to retain a firm bias, with **BHP**, after initially easing to A$7.72, improving to A$7.80 for a net gain of 4 cents.

Building Supplies stocks, Packagers and Foods generally improved, but Banks were barely steady, while Financiers eased.

Uraniums were easier-inclined following reports of a deadlock on the issue of royalties in current talks between the uranium producers and the Northern Land Council. **Pancontinental** reacted 70 cents to A$16.30 and **EZ Industries** 4 cents to A$2.80.

Among Coals, **Thiess** lost 8 cents to A$2.75, but **Utah**, after recent weakness, held steady at A$4.15. Utah has been criticised by the Federal Government for its wage deal with miners and, according to some newspaper reports, the Federal Government is reconsidering a retention of the coal duty.

NOTES. Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ● DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ◆ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	Aug 3	Aug. 2	Aug. 1	July 31	July 28	July 27	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	886.87	883.49	860.71	862.27	856.29	850.57	886.87 (3/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	88.14	87.97	87.80	87.75	87.88	87.48	90.88 (4/1)	86.75 (11/7)	—	—
Transport	248.75	246.78	241.48	241.14	238.31	236.17	248.75 (3/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	107.85	107.24	106.94	106.69	105.46	106.09	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	65,500	47,470	34,810	35,990	33,578	33,930	—	—	—	—

● Basis of Index changed from August 24

Ind. div. yield %	July 28	July 21	July 14	(Year ago approx.)
	5.47	5.62	5.56	5.01

STANDARD AND POORS

	Aug 3	Aug. 2	Aug. 1	July 31	July 28	July 27	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	—	115.98	111.61	111.68	110.61	110.89	115.98 (2/8)	86.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	—	102.92	100.66	100.68	100.00	99.54	102.92 (2/8)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug 2	July 26	July 19	Year ago (approx.)
Ind. div. yield %	4.76	4.93	4.98	4.52
Ind. P/E Ratio	9.78	9.40	9.30	10.00
Long Gov. Bond yield	8.45	8.66	8.64	7.67

N.Y.S.E. ALL COMMON

Aug 3	Aug. 2	Aug. 1	July 31	1978 High	1978 Low
58.13	57.82	56.61	56.59	58.13 (3/8)	48.37 (6/3)

Rises and Falls

	Aug 3	Aug. 2	Aug. 1
Issues traded	1,945	1,922	1,891
Rises	1,003	1,285	823
Falls	629	322	692
Unchanged	313	315	376
New Highs	397	282	197
New Lows	8	5	7

		Aug 3	Aug. 2	Aug. 1	July 31	1978 High	1978 Low
MONTREAL	Industrial	196.15	195.86	194.56	192.86	198.15 (3/8)	162.50 (16/2)
	Combined	205.89	203.70	201.66	201.56	205.89 (3/8)	170.82 (30/1)
TORONTO	Composite	1214.9	1205.3	1196.6	1185.4	1214.9 (3/8)	998.2 (30/1)
JOHANNESBURG	Gold	261.2	264.8	267.4	268.7	267.4 (1/8)	185.0 (20/4)
	Industrial	258.0	255.7	256.2	252.1	258.0 (3/8)	194.5 (15/3)

	Aug. 3	Previous	1978 High	1978 Low
Spain (d)	104.62	105.24	[illegible]	[illegible]
Sweden (e)	406.97	404.91	406.97 (3/8)	[illegible]
Switzerl'd (f)	290.4	289.4	[illegible]	[illegible]

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Citicorp	638,300	26	+1½
Westinghouse Elec.	642,000	24½	+¼
Boeing	532,300	70½	−⅞
Occidental Petroleum	525,400	21⅝	−¼
UAL	516,000	40⅝	+¼
Sears Roebuck	506,800	26	−¼
RCA	475,300	29⅝	+½
K Mart	467,500	28⅛	−¼
Pan-Amer. Airways	462,100	9⅛	—
American Airlines	457,300	17⅞	−1

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½ %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½ %
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	13 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½ %
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½ %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½ %
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

EUROPEAN OPTIONS EXCHANGE

هكذا من الأصل

FARMING AND RAW MATERIALS

Italy gets surplus skim powder

By Our Commodities Staff

PART OF the Common Market's surplus of skimmed milk powder is to be transferred to Italy to cover shortages there.

The EEC has just published a new regulation allowing 100,000 tonnes of skim in intervention stores elsewhere in the Community to be shipped to the Italian intervention agency.

The powder will be used for pig and poultry feed and is intended to help stabilise prices. The arrangement allowing the transfer will run until the end of 1979.

The regulation says Italy is short of supplies while other member states are having difficulties disposing of their surpluses.

Similar schemes have been run in the past. Italian wheat supplies have been bolstered with shipments from French intervention stores.

There have been other transfers of skimmed milk powder and when beef supplies were tight in Italy recently, intervention stocks from elsewhere were shipped in.

Deadlock over Antarctic fishing pact

BUENOS AIRES, August 3.

A TWO-WEEK Antarctic treaty conference here has ended in failure due to endless arguments over sovereignty and the reluctance of the Soviet Union, Japan and Poland to place their fishing plans under international supervision, reports Reuter.

The meeting, which aimed to produce a plan for conservation of sea-life in the Antarctic based on a scheme drafted last March in Canberra, ended with an official admission that "there is plenty of work ahead."

Delegates from 13 treaty countries agreed in principle to meet again in Washington in September before considering the scheme again at a conference in Canberra later this year.

Seven countries claiming sovereignty in the Antarctic pressed hard for prompt adoption of a system aimed at preventing indiscriminate plundering of Antarctic fish and seafood resources, along the lines of International Whaling Agreements.

The claimant countries are Britain, Australia, New Zealand, Norway, France, Chile and Argentina.

But major fishing nations, including the Soviet Union, Japan and Poland, argued that their activities in areas they regard as international waters are unlikely to cause extinction of species

Critical period ahead for UK cereal crop

BY OUR COMMODITIES STAFF

RECENT FORECASTS of a record grain harvest appear to have been over-optimistic, Mr. Chris Righton, chairman of the National Farmers' Union cereals committee, said yesterday. "The next eight weeks will be critical," he added.

In June the Ministry of Agriculture estimated the cereals crop in England and Wales this year at a new record of 14.8m tonnes, compared with last year's 14.1m tonnes.

It qualified its forecast with the rider that the record would be harvested only if the weather held out.

But heavy rain has hit many of the grain growing areas of the country in recent days.

"The storms of last weekend have made us revise our original thoughts on the potential harvest," Mr. Righton said. "Winter wheats which had looked well almost everywhere have, in some areas, been battered to the ground."

The weather would obviously have affected both the quality and the quantity of grain to be harvested this summer and also pushed up the cost of cutting it.

The Ministry responded sharply with a statement saying it was still too early to make any clear assessment of how the harvest would turn out.

Recent rain "will not have helped," the statement said. But as always, much would depend on the weather in August.

The National Farmers' Union told Reuter later that the winter wheat crop might suffer worst, but he added that if the weather improved over the next five or six weeks the record crop could still be saved.

The London Weather Centre has forecast a wetter August than normal for the south of the country and about average rain fall in the north. One or two warm spells are also expected although the weather should be mostly "rather cool."

Crops other than grain appear not to have suffered greatly in the rain even though falls of up to 2½in were recorded in most of East Anglia last weekend.

Late cherries and some soft fruit crops have been damaged by the rain, the Fresh Fruit and Vegetable Information Bureau reports. But plums are still in good condition.

Wet conditions are expected to slow down harvesting of field vegetables although no real damage has been done yet. Most at risk are the exposed curds of cauliflowers.

Prices may rise if the mud is bad enough to keep vegetable harvesters out of the fields, the bureau says.

Because of the bad weather demand for salads has slackened and some farmers have begun ploughing in lettuces because prices are so low.

Robin Reeves, Welsh correspondent reports: Many farmers in Wales are still struggling to complete the hay harvest and could be short of fodder this winter, according to the Farmers' Union of Wales.

The union reports that while many lowland farmers were able to take full advantage of the spell of fine weather during the third week of July to get in the hay harvest, in many Welsh hill areas cut crops have deteriorated badly and any hay gathered during the past fortnight has been of very poor quality.

"Many are still struggling to rescue what they can and generally it has been a disappointing and frustrating hay harvest for the majority of farmers," the union said.

"Good quality hay will be at a premium this year and many may be faced with the prospect of buying at inflated prices."

Stockpile Bills delayed again

BY OUR COMMODITIES CORRESPONDENT

FURTHER DELAYS in presenting stockpile purchase and disposal Bills to U.S. Congress were announced yesterday. Senator Robert Byrd, Senate Democratic leader, said the Bills were not on the schedule for Thursday or Friday this week, reports Reuter.

Previously Senate leaders had hoped to bring stockpile Bills up for consideration earlier this week. But there has so far been no agreement reached on limiting debate on the Bills, and the Administration is worried that this may enable delaying tactics, such as a filibuster, to be used by opponents of other pending Bills.

The only measures which have been called up in the last few days, have been those with a specific time agreement for debate, as these agreements eliminate the possibility of a filibuster.

Senator Byrd said five appropriations Bills were scheduled for yesterday and today. He held out the possibility that stockpile Bills might be brought up if there is a break in the schedule.

One Bill calls for disposal of 35,000 long tons of tin—including 5,000 tons for the international Tin Council buffer stock—and 15m troy oz of silver, as well as the acquisition of 225,000 tons of copper and other sales and purchases.

The other would set up a new stockpile transaction fund through which receipts from sales of excess materials would be earmarked for other purchases. Several amendments to both Bills are expected.

Meanwhile, on the London Metal Exchange yesterday copper prices were again firmer in nervous conditions.

The market was lifted in early trading by the decline in the value of sterling and given a further boost by reports of further troubles in the Middle East. Another big fall in warehouse stocks is being forecast to cover shipments to China following recent substantial sales.

U.S. copper ruling

BY DAVID LASCELLES

NEW YORK, August 3.

THE U.S. International Trade Commission ruled here today that domestic producers of refined copper were being injured by cheap imports. But it delayed until August 10 any decision as to what to do about it.

This initial ruling, however, is bound to satisfy U.S. copper producers whose earnings have been seriously hit by both the volume and low price of imports.

The ITC's ruling resulted from the producers' demands for protection against supplies mainly from Canada, Chile, Zambia and Peru.

The domestic industry has been asking the Government to impose a quota of 198,000 tons on imports in the first year of a five-year import restraint programme. Total imports last year amounted to 387,000 short tons worth $472m.

The ITC inquiry does not cover imports of copper ore concentrates

More gains in world sugar prices

By Our Commodities Staff

THE FIRMER tone in world sugar futures prices was maintained yesterday. In the morning the London daily price for raws was fixed £8 a tonne higher in the wake of Wednesday's gains.

December sugar gained £1.95 a tonne on the day, in the London terminal market, closing at £92.525 after touching £93.50 a tonne during the afternoon.

In Paris Sucres et Denrées said the 1978-79 season could be disappointing for the white sugar trade if the weather in Europe remained favourable.

The premium for white sugar over raws might encourage countries like Argentina and Brazil to develop sales of whites. And the company also feared the U.S. might enter the world market with large amounts for export if a compromise was not reached on domestic pricing policy.

Prices could be further depressed if there were more delays with the U.S. decision on ratification of the International Sugar Agreement.

Among potential buyers were the Chinese, who have been out of the market for three months; and Japan and Canada, both of which reduced imports in the first half of the year and may be expected to start buying soon.

Coffee price support plan denied

LEADING COFFEE producing countries yesterday denied rumours that they were considering the establishment of a $1bn international price support fund as was widely rumoured on Wednesday.

Prominent representatives of the world's main coffee producers are in London at the moment for a meeting of the International Coffee Organisation's executive board.

They are known to be gravely concerned at coffee price levels following a 40 per cent fall in world values over the past two months and have been pressing the organisation to take some action to stabilise or "improve" their returns.

But they deny that there has been any proposal for a producer-financed support fund. Sr. Manuel Aguilera, director general of the Mexican Coffee Institute, commented: "I heard the rumours. There are a thousand rumours—but this one has no basis."

He also denied reports that producers had mentioned a figure of 150 cents a pound as their objective for a new coffee "floor" price.

UK AGRICULTURE

Winter barley comes into its own

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LAST SATURDAY was too good to last and in fact it has rained on and off ever since. It was the best harvesting day my farm has enjoyed for years, and I was taking full advantage of it.

Three combines were working, one on winter barley and two on grass seed, and I was already hopeful of wrapping up this side of my harvest, about a third of the total, on Sunday afternoon, when darkness drove us out of the field that evening.

We had started the winter barley on Monday and the first returns showed that it indeed was, as I had thought, likely to be the crop of the year. It was standing well and remarkably free of disease. Thanks to the use of pre-emergent weed killers, there is no competitive vegetation to deny its full potential.

A few years ago growing winter barley was considered to be definitely anti-social. It was alleged to carry disease and fungi through the winter to infect the next crop. In fact growing it is illegal in Denmark for that reason.

It used not to be popular in Britain, except for one malting variety, Maris Otter. The other strains on offer were not very good, although quite heavy yielding.

However the winter barley acreage is now growing fast thanks to a number of factors. In the first place there are some new strains, in particular a French variety Sonia a two-row barley, with a berry almost as good as a spring barley and some malting potential.

This will undoubtedly be followed by others of the same sort. These have straw of quite good standing power and so can tolerate heavier applications of nitrogen than most spring barleys. Yield is a direct reflection of quantities of nitrogen applied.

Then there are a whole host of sprays that can now control to some extent foliar diseases, which used to reduce yield. It is possible that there is a law of diminishing returns which could restrict the maximum economic use of these. But so far that does not seem to have been reached. Like most farmers I watch the crop, and apply sprays when I think it really necessary.

But the most important advantages are practical. We seem to be having a succession of late springs followed by dry months of May and June. These conditions inhibit the development of spring sown barley, but autumn sown crops have made most of their root growth by late spring and have little more to do but develop yield.

On my own farm we had little rain but a lot of low temperatures between mid-May and the end of July. As a result the spring sown barley looks dreadful, as it does in much of south and west England.

Spray

This weather though was just what the winter barley needed. It kept the mildew and other diseases from developing to such an extent that although I was ready to spray, I did, in fact, do very little.

Even more important in practical terms, winter barley ripens between three and four weeks earlier than spring sown varieties or wheat. This means it can be harvested in July and so reduce the peak demand on men and equipment.

The days are longer, there is more strength in the sun so things are easier all round. Half my barley acreage, and a third of all my grain acreage is winter barley.

Why don't I plump for the lot? I could then have a system of farming which would just have a peak of autumn work, and then no more than a little gentle spraying through most of the rest of the year, culminating in harvest at a very much easier period than during August and September.

It is a good question, and my answers are based more on instinct than on logic. To begin with I was brought up to be a rotational farmer, and taught that the most awful retribution visited those who grew successive straw crops.

Monoculture of any sort encourages a build-up of weeds and diseases, which in some respects are difficult to control, even with the array of chemicals we have to hand.

Then there is the economic problem of producing too much of the same thing. Last year 2m tonnes of English barley had to be exported with the help of subsidies which cost the EEC between £60m and £80m.

On this basis every extra tonne of barley grown would cost the taxpayer a great deal of money. How long would he be prepared to go on doing so? This is not of immediate concern but could be in the long term.

So I diversify into "break" crops, so that I can grow wheat following them. These are grass for seed and for grazing, and pease, all of which are much more difficult to grow successfully than barley.

On Saturday I was combining about 50 acres of ryegrass seed It's a slow job. The crop is plastered to the ground, and the yield is not particularly good. I am told by my contracting merchant, that the price won't be very high because the Continental warehouses are full of the stuff.

Soviet harvest gets under way

MOSCOW, August 3.

SOVIET FARMERS, facing unfavourable weather in some areas, have harvested about a quarter of this year's grain crop, according to Pravda, reports Reuter.

Quoting figures supplied by the Soviet Central Statistical Board, it said 27.6m hectares had been harvested by July 31, or 22 per cent of the sown area.

After last year's disappointing harvest of 195.4m tonnes, the Soviet Union is aiming to produce 220m tonnes in 1978. The latest U.S. Agriculture Department estimate is 215m tonnes.

Pravda reported harvesting was almost complete in southern grain areas, including Stavropol Territory and the Kuban, a part of the country where western experts expect a record crop.

A big harvest has also been grown in the Volga valley, but not all storage facilities were ready to receive it, the newspaper said. Farmers there have pledged to deliver 4m tonnes, one of their best-ever crops.

Indications were yields in the Ukraine would be slightly below last year's record levels, but the larger area under grain this season could compensate for the difference.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange but the market was nervous. Forward metal started at £744-1746 on currency considerations but drifted to £743.5 before news of renewed tension in the Middle East caused a lift to £747.5. Comex went up for the same reason but then slipped back again, as did London which closed on the Kerb at £745.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	723-.5	+2.25	724.5-5.5	+4
3 months	743.5-4	+2.5	745-.5	+4
Settl'm't	723.5	+2	—	......
Cathodes				
Cash	719.5-20.5	+2.75	720.5-1.5	+4
3 month	740-.5	+2.5	741-.5	+3.5
Settl'm't	720.5	+3	—	......
U.S. Smt.	—	......	63-66	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £744, 43.5. Cathodes cash £718.5, three months £740.5. Kerbs: Wirebars £718.5, three months £740.5. Kerb: Wirebars three months £744, 44.5, 44, 43.5, 45, 45.5. Kerbs: Wirebars three months £746, 46.5, 47, 47.5, 47, 46.5, 46, 45.5, 45.

TIN—Traded easier after forward metal had started at £6,455 following a steady market in the East overnight. The technical tightness of nearby metal remained. Hedge selling caused the price to drift to £6,455 in the morning. Later, nervous liquidation and continued hedge selling from the U.S. led to a further fall to £6,395 on the late Kerb before fresh buying rallied the market to a close of £6,405. Turnover 1,105 tonnes.

[illegible]

G. Index Limited 01-351 3466. December Sugar 91.5-93.0

Lamont Road, London, SW10 0HS.

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COFFEE

[illegible]

COCOA

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

COTTON

[illegible]

COFFEE

[illegible]

RUBBER

[illegible] godown price of 232 (234) cents a kg (buyer, August).

No.1 R.S.S.	Yest'rday's Close	Previous Close	Business done
Sept	54.00-4.50	53.55-54.25	—
Oct	54.75-55.25	54.40-55.00	—
Oct-Dec	55.75-56.10	55.40-55.70	55.80-55.30
Jan-Mar	57.90-58.00	57.60-57.65	58.00-57.50
Apr-Jne	59.95-60.05	59.55-59.60	59.95-59.50
Jly-Sept	61.75-61.85	61.40-1.45	—
Oct-Dec	63.55-63.70	62.85-2.90	63.65-63.10
Jan-Mar	65.40-65.65	64.85-65.10	—
Apr-Jne	67.10-67.30	66.60-66.90	66.70-66.65

Sales: 298 (213) lots of 15 tonnes and 20 (8) of 5 tonnes.

Physical closing prices (buyers) were: Spot 53.25p (same); Sept. 56p (55.75); Oct. 56.25p (56.0).

SOYABEAN MEAL

The market displayed an easier undertone on mixed selling and long liquidation, although values rallied from the lows, aided by a comparatively steady Chicago market, Reuter reports.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	102.00-12.0	—1.0	—
October	109.50-10.0	—0.65	110.20-09.30
December	110.80-11.0	—0.40	111.40-10.20
February	111.50-12.5	—0.25	112.50-11.60
April	113.00-14.5	......	—
June	115.00-16.0	......	—
August	115.00-18.0	......	—

Sales: 121 (32) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £89.00 (£86.00) a tonne cif for allotment. White sugar daily price was fixed at £101.00 (£99.00).

Keen buying from one quarter in a thin market lifted prices some 150 points during the opening call, reports C. Czarnikow. Later, despite reports of cheap sales to Morocco, further gains of around 150 points were recorded before some day trade profit-taking pared the [illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible] quiet and prices though nominally unchanged are generally agreed to have eased. However, the outlook, despite this easiness, is seen as reasonably firm.

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 54.0 to 57.5. Ulster hindquarters 64.0 to 67.0, forequarters 34.0 to 37.0; Eire hindquarters 64.0 to 67.0, forequarters 35.0 to 37.0.

Veal: Dutch hinds and ends 76.0 to 85.0.

Lamb: English small 50.0 to 60.0, medium 50.0 to 56.0, heavy 50.0 to 54.0; Scottish medium 50.0 to 54.0. Imported frozen: NZ PL 53.0 to 54.0.

Pork: English under 100 lb 37.0 to 44.0, 100-120 lb 38.0 to 42.0, 120-160 lb 33.0 to 40.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 3: GB cattle 69.84p per kg. l.w. (−0.35), UK sheep 140.8p per kg. est. d.c.w. (+6.7), GB pigs 60.9p per kg. l.w. (−2.1). England and Wales: Cattle numbers down 16.6 per cent, average price 69.42p (−0.16); Sheep down 2.7 per cent, average 141.3p (+6.5); Pigs down 7.3 per cent, average 60.9p (−1.8). Scotland: Cattle down 8.1 per cent, average 70.69p (−0.85); Sheep down 15.1 per cent, average 138.4p (+6.1).

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported produce: Oranges—S. African: Valencia Late 4.00-5.10; Brazilian: Peras 4.50-5.30. Tangerines—Brazilian: 53/63 3.50-3.80. Lemons—Italian: 100/120's new crop 5.00-5.20; Spania: Trays 1.50-2.00, large boxes 4.20-5.50; S. African: 4.20-6.00. Grapefruit—S. African: 27/72 3.40-4.50; Jaffa: 40's 4.40; Argentine: Ruby Red 42/56 4.80-5.30, Marsh Seedless 48/56 4.20; Californian: Marsh Seedless 64 4.20, 56 4.30. Apples—French: Golden Delicious 20-lb 84's 4.50-4.60, 72's 4.50-4.70; Tasmanian: Sturmer Pippins 9.40-9.90, Democrats 11.00; S. African: Granny Smith 8.50-8.80; New Zealand: Sturmer Pippins 163 10.30, 150 10.50; Italian: Per pound Rome Beauty 0.20, Golden Delicious 0.19-0.23; Spanish: New crop 0.18-0.22; French: Cardinal 0.13. Pears—Victorian: Winter Nelis 7.50-8.00; Per pound French: Dr. Guyot 28-lb box 4.00; Spanish: Williams per pound 0.23-0.24; Italian: Dr. Guyot 20-lb 4.00-4.40. Peaches—Italian: 1½ trays 2.50-2.70; French: 1.40-2.00. Grapes—Per pound Cyprus: Cardinal 0.25, Sultana 0.23, Thompson 0.30-0.35. Rosaki [illegible] Tomatoes—Dutch: 3.20; Guernsey: 3.90; Jersey: 2.80. Melons—Spanish: Yellow 6/14 2.50-2.80. Water-melons—Spanish: 2.50; Greek: 2.80-3.00; Italian: 2.60-3.00. Sweetcorn—Spanish: Per box 22 x 2 3.00.

English produce: Potatoes—Per 56-lb 1.50-1.80. Lettuce—Per 12 0.80. Cos 0.90. Webbs 0.80. Rhubarb—Per pound, outdoor 0.06. Cucumbers—Per tray 12/24's 0.80-1.00. Mushrooms—Per pound 0.40-0.60. Apples—Per pound Grenadier 0.10-0.15, George Cave 0.17-0.18. Tomatoes—Per 12-lb English 2.80. Cabbages—Per crate 1.40-1.80. Celery—Per head 0.10-0.15. Cauliflowers—Per 12 Lincoln 1.00-1.50. Broad beans—Per pound 0.10. Runner beans—Per pound stick 0.20-0.30, ground 1.10-0.15. Peas—Per pound 0.08-0.09. Cherries—Per pound black 0.40-0.50, white 0.35-0.40. Beetroot—Per 28-lb 0.60-0.80. Carrots—Per 28-lb 0.80-1.20. Capsicums—Per pound 0.20-0.25. Courgettes—Per pound 0.08-0.10. Onions—Per bag 1.40-1.80. Swedes—Per 28-lb 1.00-1.20. Turnips—Per 28-lb 1.20-1.40. Black/red currants—Per pound 0.38-0.40. Plums—Per pound Laxtons 0.18, Rivers 0.17-0.19.

U.S. WHEAT AID FOR BANGLADESH

DACCA, August 3.

BANGLADESH WILL receive 200,000 tons of wheat from the U.S. during the current U.S. fiscal year under an agreement signed here between the two governments, reports Reuter.

The food aid, valued at $26m, comes under Washington's "food for development programme" and forms part of 800,000 tons of wheat designated for Bangladesh in the three years to 1980.

Bangladesh is the first country to receive such aid under the programme.

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 3 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cts)	$1,045-55	......	$1050-40
Copper cash W.Bar	£725	+4.0	£695.5
3 months do. do.	£745.25	+4.0	£716.25
Cash Cathode	£721	+4.0	£692
3 months do. do.	£741.25	+3.5	£712
Gold ...... Troy oz.	$202.625	—1.0	$184.375
Lead Cash	£320.75	+6.75	£306.25
3 months	£326.625	+5.375	£315.75
Nickel	‡	......	£2,666
Free Market c.i.f.(lb)	$1.70 1.85	......	$1.80 1.94
Platinum troy oz.	£128	......	£129.5
Free Market	£135.80	—2.85	£129.85
Quicksilver (76lb.)	$145/50	......	$125/30
Silver troy oz.	287.9p	—3.15	283.5p
3 months	295.3p	—3.15	290.8p
Tin Cash	£6,502.5	—56.0	£6,607.5
3 months	£6,415	—55.5	£6,547.5
Tungsten (z)	$140.57	......	—
Wolfram 22.04lb cif	$151/56	......	$152/56
Zinc cash	£311.5	—1.0	£308.25
3 months	£321.25	—0.375	£318.25
Producers	$550-600	......	$600-600
Oils			
Coconut (Phil)	$620y	—12.5	$650
Groundnut	£648	......	£698
Linseed Crude (v)	£354	......	£345
Palm Malayan	$522r	—10.0	$640
Seeds			
Copra Phillip	$430y	—5.0	$460
Soyabean (U.S.)	$256y	—2.0	$275
Grains			
Barley EEC	‡	......	‡
Home Futures	£82.15	—0.35	£81.45
Maize			
French No. 3 Am	£98	......	£103
Wheat			
No. 1 Red Spring	£92	......	£92
No. 2 Hard Winter	‡		
English Milling	£93	......	£105
Cocoa shipment	£1,840	—9.0	£1,850
Future Nov.	£1,777.5	+5.0	£1,767.7
Coffee Future			
Nov.	£1,129	—8.0	£1,543.5
Cotton 'A' Index	72.4c	......	70.95c
Rubber kilo	55.25p	......	54.25p
Sugar (Raw)	£89	+3.0	£90
Wooltops 64s kilo	281p	......	285p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. y Aug.-Sept. x Per ton. z Indicator price.

FINANCIAL TIMES

Aug. 3	Aug. 2	Month ago	Year ago
235.83	234.49	238.94	245.36

(Base: July 1, 1952=100)

REUTER'S

Aug. 3	Aug. 2	Month ago	Year ago
1422.8	1421.3	1455.0	1510.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 3	Aug. 2	Month ago	Year ago
Spot	354.86	353.39	356.45	362.70
Futures	341.86	342.43	341.84	356.62

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 3	Aug. 2	Month ago	Year ago
Sple Commty	918.9	916.9	918.9	856.2

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.70, codlings £3.70-£3.40; large haddock £3.80-£4.50, medium £3.00-£4.00, small haddock £3.30-£3.80; large plaice £4.70-£5.00, medium £4.50-£4.90, best small £4.00-£4.50, large skinned dogfish £9.00, medium £8.00, large lemon soles £6.00, medium £5.50; rockfish £2.00-£2.40; reds £1.50-£1.80; saithe £1.50-£2.40.

U.S. Markets

NEW YORK, August 3.

Cocoa—Sept. 153.25 (153.20), Dec. 145.45 (147.35), March 144.45, May 141.90, July 139.55, Sept. 137.50, Dec. 135.45. Sales: 577.

Coffee—"C" Contract: Sept. 119.00 (122.50), Dec. 112.00-112.50 (116.04), March 106.00, May 102.50-105.00, July 100.00-106.00, Sept. 101.00-102.00, Dec. 95.50-101.00. Sales: 605.

Copper—Aug. 62.60 (63.00), Sept. 63.40 (63.60), Oct. 63.95, Dec. 65.20, Jan. 65.60, March 66.85, May 68.00, July 69.10, Sept. 70.10, Dec. 71.60, Jan. 72.15, March 73.20, May 74.20. Sales: 4,600.

Cotton—No. 2: Oct. 61.25 (61.50), Dec. 63.08-63.10 (63.31), March 64.70, May 65.70, July 66.70, Oct. 65.00, Dec. 65.40. Sales: 3,050.

*Gold—Aug. 200.00 (202.60), Sept. 201.20 (203.90), Oct. 202.60, Dec. 205.70, Feb. 208.90, April 212.20, June 215.70, Aug. 219.20, Oct. 222.70, Dec. 226.20, Feb. 229.70, April 233.20, June 236.70. Sales: 23,440.

†Lard—Chicago loose 22.75 (same). NY prime steam 24.25 asked (24.25 traded).

‡Maize—Sept. 220½-220 (221), Dec. 227¼-227 (237½), March 236-235½, May 241¼-242, July 244½-245, Sept. 245 nom.

§Platinum—Oct. 261.50-262.00 (264.60), Jan. 266.00 (268.60), April 269.50-269.70, July 273.00-274.50, Oct. 277.70-277.90, Jan. 282.00-282.20, April 286.00-286.40. Sales: 1,400.

¶Silver—Aug. 547.30 (552.50), Sept. 551.00 (556.30), Oct. 555.00, Dec. 563.10, Jan. 567.10, March 575.50, May 584.10, July 593.00, Sept. 601.90, Dec. 615.50, Jan. 620.10, March 629.50, May 638.90. Sales: 12,000. Handy and Harman spot bullion 551.00 (557.00).

Soyabeans—Aug. 622-623 (626¼), Sept. 613-610½ (605¾), Nov. 599-604, Jan. 606½-607, March 615, May 620, July 623, Aug. 620.

Soyabean Oil—Aug. 23.40-23.45 (23.37), Sept. 22.70-23.65 (22.65), Oct. 22.10, Dec. 21.60-21.65, Jan. 21.60, March 21.65, May 21.65, July 21.70, Aug. 21.65-21.70.

‖Soyabean Meal—Aug. 162.30 (162.90), Sept. 161.50-162.00 (161.70), Oct. 161.50-162.00, Dec. 162.20-162.60, Jan. 163.50-163.30, March 166.30, May 167.50, July 168.60.

Sugar—No. 11: Sept. 6.88-6.89 (6.88), Oct. 6.90-6.98 (6.97), Jan. 7.15-7.30, March 7.45-7.47, May 7.60-7.61, July 7.80, Sept. 8.00, Oct. 8.10-8.14, Jan. 8.15-8.60. Sales: 5,005.

Tin—570.00-580.00 nom. (575.00-578.00).

**Wheat—Sept. 312½-313 (309½), Dec. 311½-312 (309¾), March 311, May 307½, July 300½, Sept. 303 nom.

WINNIPEG, Aug. 3. ††Rye—Oct. 89.90 (89.50 bid), Nov. 90.50 nom. (90.50 asked), Dec. 88.50 asked, May 93.00.

††Oats—Oct. 71.50 bid (70.40), Dec. 71.60 bid (70.40 bid), March 70.90 bid, May 70.80 bid.

‡‡Barley—Oct. 72.30 bid (71.00), Dec. 72.50 asked (71.80), March 72.40 asked, May 72.40 asked.

§§Flaxseed—Oct. 231.70 bid (231.00), Nov. 230.00 bid (229.40), Dec. 229.50, May 237.00.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 162.32 (161.97).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce, for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ SC per tonne

Rubber output rises in West Malaysia

KUALA LUMPUR, Aug. 3.

WEST MALAYSIAN rubber production in May rose to 103,200 tonnes from 86,020 tonnes in April and 99,591 in May last year, according to Statistics Department figures, reports Reuter.

Output in the first five months totalled 545,997 tonnes, slightly down on the 580,133 tonnes produced in the corresponding period of 1977.

STOCK EXCHANGE REPORT

Widespread firmness leaves index just below 500 but All-share reaches peak since compilation in 1962

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Leading equities tried again yesterday to pierce the FT 30-share index 500 level but closed within a hairsbreadth of it with a rise of 4.6 at 499.9. Secondary issues, however, assured the market of some reward for its efforts by assisting the FT-Actuaries All-share index, the broadest measure of market trends, into new high ground since compilation in April 1962; the rise was 0.7 per cent at 228.34.

Conviction that the 30-share index would achieve the awaited breakthrough was evident early in the day but enthusiasm around midday turned towards a host of secondary stocks where trading conditions were less difficult. The leaders, still subject to stock shortage, subsequently eased from the best before responding to Wall Street's opening strength and settling at the day's highest.

Some potential buyers may have been discouraged by the absence of a cut in Minimum Lending Rate, but majority opinion was that this was bound to occur sooner rather than later. The number of bargains marked rose to 5,746 which is the highest figure since May 16.

A more detailed assessment of the Government's plans for increased North Sea revenue by way of higher tax charges saw equilibrium restored in oils and ancillary North Sea stocks, but the resultant recovery in prices was usually small.

Gilt-edged securities continued to impress although the volume of business among the shorter maturities was less than on Wednesday. The market took the unchanged MLR announcement in its stride and a token trade was effected in the new long tap Exchequer 12 per cent 1999-2002 which made its debut yesterday in £15-paid form. Further modest switching into the near-short tap Exchequer 10 per cent 1983 allowed the price to improve slightly to 15⅛; this is the level at which the Government broker was last, and is believed to be still, operative.

Wall Street's upsurge produced a marked one-way interest for investment currency and, with sellers initially scarce, the premium jumped to 108½ per cent. Eventually, the rush subsided and the rate slipped back to a close of 106¾ per cent for a rise on the day of 6½ points. Yesterday's SE conversion factor was 0.6528 (0.6708).

Activity in Traded Options diminished further. Only 424 contracts were completed compared with the previous day's 638 with nearly 50 per cent of the business transacted in two stocks, Land Securities, 135, and Cons Gold, 82.

Eurotherm encountered further demand and, with no sellers to impair progress, improved 8 to a peak of 176p compared with an issue price of 100p.

Insurances firm

A firm trend prevailed in Insurances. Ahead of Monday's interim results, **Commercial Union** edged forward a penny to 158p, while **Royals** added 5 to 393p and **Sun Alliance** 12 to 560p. For the second successive day, **Sedgwick Forbes** put on 10, to 457p, among Brokers where **Willis Faber** gained 4 to 274p and **Bowring** 3 to 118p. In Life issues, **Equity and Law** and **Hambro** rose 6 apiece to 182p and 358p respectively.

The banking sector had little to offer. Discounts moved higher in sympathy with firm gilts. **Seccombe Marshall and Campion** added 10 to 220p in a thin market. The recent disappointing interim dividend season continued to deter buying of the major clearing banks and prices hardly moved from overnight levels. Domestic and investment currency influences helped **Hong Kong and Shanghai** to improve 9 to 342p, while **Wells Fargo** put on 1½ points to £23¾.

After the previous day's rise of 2½ following the announcement *that the company had sold its* 21.4 per cent stake in Trust Houses Forte to various institutions for about £48m, **Allied Breweries** eased ½ to 92½p. **Belhaven** responded to the chairman's comments at the annual meeting with a rise of 3 to 32p. Elsewhere, **Distillers** picked up a like amount at 200p following Press comment on the industry.

Buildings continued firmly with Construction issues particularly sought. **Richard Costain** firmed 4 to 207p and **Taylor Woodrow** 10 to 386p, while **John Laing A** put on 7 to 200p aided by new-time interest. **SGB**, 165p, and **Tilbury Contracting**, 289p, improved 5 and 4 respectively, with **George Wimpey** 4 up at 88p. **Brown and Jackson** encountered further speculative demand and rose 6 to 196p, a jump of 42 since Monday, and **Travis and Arnold** improved 8 to 156p on small speculative buying in a thin market. **Blue Circle** made further progress and firmed 3 more to 272p, while **Nottingham Brick** added 8 to 290p and **Redland** 4 to 166p. **London Brick** gained a couple of pence to 74p. **Orme Developments** were re-quoted at 53½p, and closed at 53p compared with the suspension price of 56½p awaiting developments; **Saint Piran** held steady at 53p following the compulsory sale, at 52½p per share, of the recently acquired 1m Orme shares, while **Comben Group**, with a cash plus shares offer currently worth 56p on the table for Orme, maintained the overnight level of 34p.

Renewed modest demand left **ICI** 3 dearer at 394p and **Fisons** 5 to the good at 375p. Elsewhere, **Blagden and Noakes** firmed 8 to 260p on small buying in a restricted market.

Waring & Gillow up

Stores encountered a good selective demand. Among the leaders, **Debenhams** rose 4 to 97p as buyers appeared ahead of the shares going ex-dividend on Monday and fresh speculative interest left **Burton Ordinary** a penny dearer at 156p and the **A** up at 144p. **House of Fraser** put on 3 to 157p but **Mothercare** remained on offer at 162p, down 4. Elsewhere, **Waring and Gillow** gained 6 to 128p in response to the sharply higher annual profits and **Liberty**, still on bid hopes, improved 4 to 162p. **Freemans (London)** were popular at 364p, up 12, and **Wallis** revived with an improvement of 5 to 200p. **Dixons Photographic**, on the other hand, cheapened 2 more to 142p on further consideration of the disappointing results.

Philips' Lamp rose 30 to 935p on dollar premium influences. **Thorn Electrical** rose 6 to 380p, while gains of 4 were seen in **GEC**, 282p, **Racal Electronics**, 272p, and **Pifco**, 99p. **Best and May** contrasted with a reaction of 5 to 37p *on disappointment with the* results. Other dull spots included two of the recent recent pace-makers, **Henry Wigfall** 7 off at 237p, and **Farnell Electronics**, 8 cheaper at 335p.

Secondary stocks provided most of the interest in Engineerings. Buying in a thin market left **Startrite** up 9 at 95p and **Peter Brotherhood** 8 higher at 132p. **Adwest**, 276p, and **Martonair**, 188p, rose 6 apiece, while **Wolseley Hughes** added 12 to 216p. Press-inspired gains of 2 and 4 respectively were recorded in **Braham Millar**, 40p, and **Baker Perkins**, 118p. **TACE** hardened 1½ to 28½p despite lower interim earnings. Comment on the results helped **Acrow** to firm 4 more to 122p. The quietly firm leaders had **John Brown** a couple of pence harder at 430p and **GKN** a like amount better at 287p. Shipbuilders were notable for a rise of 7 to 196p in **Vosper**.

Alpine Soft Drinks featured Foods with a jump of 14 to 148p following renewed interest in a restricted market. Gains of 4 were seen in **British Sugar**, 126p, and **Watson and Philip**, 55p, while investment demand lifted **Nurdin and Peacock** 3 to 85p. In Supermarkets, **Tesco** closed a shade better at a 1978 peak of 50½p.

City figured prominently in Hotels and Caterers, closing 12 better at a 1978 peak of 138p as bid talk revived. Following the previous day's reaction of 8 on the announcement that the Allied Breweries shareholding had been sold to various institutions for 225p per share, interest in **Trust Houses Forte** subsidised and the price steadied to 230p, up a penny. **Warner Holidays "A"** edged forward to 34½p in response to the chairman's optimistic statement.

Compton Webb rise

Miscellaneous Industrial leaders continued firmly but, as on Wednesday, closed below the best in places. **Beecham** improved 6 to 703p, after 705p, and **Glaxo** closed 3 to the good at 598p, after 600p. **Bowater** finished 6 higher at 196p with sentiment helped by news that the group is to increase its U.S. price of newsprint by just under 5 per cent from October. First-quarter profits in line with expectations and news that its British Columbian Pulp and paper interests are to be sold left **Reed International** 4 to the good at 153p. Elsewhere, **Compton Sons and Webb** moved forward late, touching a 1978 peak of 50p before closing 6 better on balance at 44p, following news of the bid approach from **Vantona**; the latter closed 3 off at 127p after uninspiring interim figures. Press comment attracted buyers to **Brook Street Bureau** and the close was 5 up at 75p while further speculative buying in thin markets prompted fresh gains of 7 and 23 respectively in **Mams**, 89p, and **Hunting Associated**, 245p. **Thomas Witter** improved 3 to 53p after the increased first-half earnings and **John James** put on the same amount to 50p following trading news. **Wood and Sons** also improved 3, to 49p, on bid hopes. **Valor** gained 2 to 52p in response to the chairman's optimistic remarks at the AGM. **IC Gas** fell 13 to 380p unsettled by the chairman's profits warning. **Hoover A** relinquished 2 to 290p, after 287p, following the disappointing second-quarter figures.

Still reflecting hopes of record trading during August, Motors and Distributors continued to attract a good two-way business and closed firmly. **Heron Motor** stood out at 135p, up 4, while interest was also shown in **Lex Service**, a penny harder at 88p, and **Kenning**, 2½ firmer at 76p. Commercial Vehicles had an isolated feature in **ERF** which finished 7 better at 118p following the company's statement on dividends. Among the leaders, **Lucas Industries** improved 4 to a 1978 peak of 326p.

Aided by the modest recovery made by North Sea oil stocks, **Thomson** firmed 7 to 275p and **Associated Newspapers** 5 to 186p. Elsewhere, **W. N. Sharpe** added 10 to 212p in continued response to the impressive interim results, and **Dickinson Robinson** rose 7 to 133p, the latter's interim figures are due on September 20.

With hopes of lower interest rates still a factor despite yesterday's unchanged Minimum Lending Rate, Properties made further progress in the largest turnover for some time. Leading issues traded actively around overnight levels and usually held modest improvements, but **Stock Conversion** eased 3 to 272p in late dealings. Secondary issues supported included **County and District**, 5 better at 100p, **Hammerson A**, 7 up at 595p, and **Churchbury Estates**, 10 to the good at 315p. **A. and J. Mucklow** improved 9 to 128p on country buying.

Oils steadier

Oils rallied initially and regained the bulk of the previous day's falls that stemmed from the Government's plans to increase Petroleum Revenue Tax, but closed some way below the session's best levels after a disappointing trade. **British Petroleum**, down 12 on Wednesday, rallied to 848p before finishing a net 4 up at 842p. In a similar circumstance, **Shell** closed 3 up at 565p after 571p. Away from the leaders, **British Borneo** encountered speculative buying and firmed 6 to 164p

Investment Trusts made another firm showing in the wake of renewed strength on Wall Street. **City and Foreign** stood out at 85p, up 7, while **Rothschild Investment**, 216p, and **City and International**, 113p, put on 6 apiece. **Atlanta Baltimore** were supported at 63½p, up 3, while numerous gains of around 4 included **Montagu Boston**, 63½p, **London and Gartmore**, 80p, and **Carliol Investment**, 130p. In Financials, stockjobbers **Akroyd and Smithers** advanced 6 to 228p.

Shaw Carpets rose 5 to 49p in belated response to the chairman's statement in an otherwise quietly firm Textiles section, while **A. Dunhill**, 8 higher at 353p, provided the only noteworthy movement in Tobaccos.

Premium holds Golds

The strong rise in the investment dollar premium held up the sterling price of South African Golds despite falls of up to 50 cents among the heavyweights when expressed in dollars. The Gold Mines Index was up 0.2 at 187.8.

Dollar prices tended lower following the bullion market, but then steadied and eased again later. The bullion price closed $1 lower at $202.625 an ounce.

Despite the firm price of bullion at the International Monetary Fund auction, U.S. interest was modest against the background of the rise on Wall Street. There was some limited profit-taking.

The sterling list of prices finished mixed with **President Brand** ½ harder at £10½ and **Buffelsfontein** ¼ softer at £10¼, while **Helena** gained 14 to 966p but **Kloof** slipped 12 to 623p.

Trading in South African Financials was subdued but there was reasonable business in **De Beers**, which firmed 5 to 400p, helped by the premium, while **UC Investments**, 2 up at 264p, continued to attract attention on its recent dividend news.

London Financials steadied after losing ground so that **Rio Tinto-Zinc**, *an active stock*, rose 2 to 232p. **Consolidated Gold Fields** and **Selection Trust** also finished 2 higher, at 196p and 438p respectively.

There was selective buying of Australians, but the market was mixed in line with the performance of Sydney overnight. London prices were pushed higher by the premium. Features included **Pacific Copper**, with a gain of 6 to 64p following a revival of speculative interest.

Elsewhere **Conzinc Riotinto** also rose 6 to 254p, but **Peko-Wallsend** and **Pancontinental** both suffered from declines in Sydney, respectively moving lower by 10 to 548p and ¼ to £15.

Coppers, Rhodesians and Tins were all steady, influenced by the premium, but business was at a low level.

FINANCIAL TIMES STOCK INDICES

—	Aug. 3	Aug. 2	Aug. 1	July 31	July 28	July 27	A year ago
Government Secs.	70.97	70.84	70.78	70.61	70.74	70.78	69.53
Fixed Interest	72.65	72.53	72.43	72.38	72.25	72.21	69.15
Industrial Ordinary	499.9	495.3	496.5	489.4	492.1	488.8	464.8
Gold Mines	187.8	187.6	191.5	185.3	183.4	173.2	122.7
Ord. Div. Yield	5.34	5.38	5.38	5.45	5.41	5.46	5.24
Earnings, Y'ld%(full)(*)	16.21	16.34	16.32	16.52	16.42	16.53	15.66
P/E Ratio (net)(*†)	8.24	8.18	8.18	8.09	8.13	8.08	8.26
Dealings marked	5,746	4,754	4,374	5,045	5,517	4,778	6,520
Equity turnover £m	—	203.85	95.46	65.11	101.71	78.18	59.72
Equity bargains total	—	18,444	18,669	17,782	19,416	16,463	17,185

10 am 497.9. 11 am 499.5. Noon 499.4. 1 pm 499.7. 2 pm 499.7. 3 pm 498.7.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.05.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	499.9 (3/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	191.5 (1/8)	130.3 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 3	Aug. 2
—Daily		
Gilt-Edged	208.0	130.7
Industries	198.0	187.8
Speculative	48.1	45.6
Totals	130.8	108.2
5-day Average		
Gilt-Edged	159.5	145.7
Industrials	178.1	175.2
Speculative	45.9	42.5
Totals	115.8	111.4

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	66	—	32
Corpns. Dominion and Foreign Bonds	8	1	[illegible]
Industrials	514	156	[illegible]
Financial and Prop.	280	38	[illegible]
Oils	13	5	[illegible]
Plantations	7	6	[illegible]
Mines	48	35	[illegible]
Recent Issues	11	2	[illegible]
Total	947	237	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	118	—	139	—	—	—	842p
BP	800	70	12	100	—	126	10	"
BP	850	42	7	70	—	93	—	"
BP	900	22	25	45	4	67	—	"
Com. Union	140	23	8	25	—	28½	—	159p
Com. Union	160	8	5	14½	—	18	—	"
Cons Gold	160	41	—	45	5	44	—	195p
Cons. Gold	180	22	8	26	—	31	—	"
Cons. Gold	200	9	48	16	21	20	—	"
Courtaulds	100	26½	—	28½	1	—	—	124p
Courtaulds	110	18	5	20½	—	25	—	"
Courtaulds	120	10	—	13	—	18½	—	"
Courtaulds	130	6	3	8½	—	13	—	"
GEC	220	65	9	69	2	—	—	281p
GEC	240	46	—	53	—	58	—	"
GEC	260	28	4	38	—	45	—	"
GEC	280	15½	3	26	—	34	3	"
Grand Met.	100	21	6	26	7	27½	4	118p
Grand Met.	110	11½	10	16	—	19½	2	"
Grand Met.	120	6½	7	10	22	14	—	"
ICI	330	73	15	74	5	77	2	394p
ICI	360	45	7	51	3	56	—	"
ICI	390	19½	4	32	—	37	—	"
ICI	420	6½	2	16	—	23	2	"
Land Secs.	180	63	5	64	—	68	—	237p
Land Secs.	200	43	9	46	—	51	2	"
Land Secs.	220	23½	27	28½	12	35	10	"
Land Secs.	240	8½	70	16½	—	22	—	"
Marks & Sp.	120	49	—	50	—	53	—	165p
Marks & Sp.	140	30	—	32	—	37	—	"
Marks & Sp.	160	13½	1	18	—	23	—	"
Marks & Sp.	180	5	—	9	—	12½	—	"
Shell	500	83	—	90	—	96	—	565p
Shell	550	39	7	54	—	63	—	"
Shell	600	12½	—	30	—	38	—	"
Totals			307		68		35	

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	12	394	+3	396	328
Reed Intl.	£1	11	153	+4	153	102
BP	£1	9	842	+4	896	720
RTZ	25p	9	232	+2	234	164
Shell Transport	25p	9	565	+3	586	484
Thomson Org.	25p	8	275	+7	295	155
BATs Defd.	25p	7	285	+2	296	227
Barclays Bank	£1	7	342	—	358	298
Beecham	25p	7	703	+6	705	583
British Land	25p	7	39½	+½	39½	28
Distillers	50p	7	200	+3	200	163
GKN	£1	7	287	+2	287	248
Plessey	50p	7	98	+2	103	87
Racal Electronics	25p	7	272	+4	272	196
Tilling (T.)	20p	7	136	+1	136	98

APPOINTMENTS

Senior executive changes at Barclays International

Mr. Anthony Tuke, chairman of Barclays Bank, is to relinquish the chairmanship of BARCLAYS BANK INTERNATIONAL after the BBI's annual meeting in February, 1979. This decision has been made because of Mr. Tuke's increasingly heavy commitments as chairman of the Barclays Group and the continuing expansion of Barclays Bank International. He will remain a director of BBI. Mr. H. U. A. Lambert will become chairman of Barclays Bank International on that date in addition to his present position as a vice-chairman of Barclays Bank. Mr. J. P. G. Wathen will be a vice-chairman of Barclays Bank, relinquishing his post as a vice-chairman of BBI, but remaining a director.

Mr. H. U. A. Lambert

★

Mr. Gordon Jenkins, general sales manager of Lyons Maid, has been appointed a director of LYONS BAKERY and managing director of SFK Foods and of Linden Bakery. He takes over from Mr. D. C. Johnson who is now operations director, sales, marketing and distribution.

★

Lord Aberconway, a vice chairman of SUN ALLIANCE AND LONDON INSURANCE, has been elected deputy chairman. The Earl of Crawford and Balcarres and Mr. H. U. A. Lambert have been elected vice chairmen in addition to Mr. H. N. Sporborg.

★

Mr. Robert Frost has been appointed president of BUDGET RENT A CAR INTERNATIONAL INC., which is based in the UK and is a subsidiary of Budget Rent a Car Corporation of America. He replaces Mr. I. S. Bickson, who becomes a non-executive director of the UK concern.

★

Mr. Henry Knorpel has been appointed solicitor (deputy secretary) to the DEPARTMENT OF HEALTH AND SOCIAL SECURITY from November 20. He will succeed Mr. M. W. M. Osmond, who is retiring from the Service. Mr. Knorpel is at present head of solicitors division.

★

Mr. Mike Matty, technical manager has been appointed to the Board of BSA SINTERED COMPONENTS. Mr. John Brackpool, operations manager, has become a director of BSA METAL POWDERS. Mr. John Cooke, director and company accountant at BSA Sintered, has taken over additional responsibilities for BSA Metal Powders on appointment to that Board.

★

Mr. Michael Grainger (Whinney Murray Ernst and Ernst, Paris) has been co-opted to membership of the Council of the INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES.

★

Mr. E. F. Bigland has been appointed a director of LONDON TRUST COMPANY from September 1.

★

Mr. Roger Banks, group financial controller of BRENTNALL BEARD, has joined the Holdings Board.

★

BARROW HEPBURN GROUP has appointed Mr. G. J. Tytheridge as an executive director responsible to Mr. Richard Odey, chief executive, from August 15. At the same time Mr. A. R. C. Arbuthnot and Mr. E. B. Spencer are joining the board as non-executive directors. Mr. Tytheridge was formerly financial director of Foseco Minsep.

★

Mr. David Reavell has been appointed director of the ENGINEERING EMPLOYERS' EAST ANGLIAN ASSOCIATION. He joins the Association from Comp-Air Industrial.

★

Air Vice-Marshal G. C. Lamb has been appointed chief executive to the BADMINTON ASSOCIATION OF ENGLAND from October 2. Mr. Brian Bisseker has retired as secretary but remains with the Association to assist in management.

★

Mr. A. F. Skyte is to join the divisional Board of the components division of DELTA METAL COMPANY from September 1 and become chairman of the gas control sub-division which comprises the subsidiaries Ewarts Sperryn and Co., and Sourdillon SA.

★

CONSTRUCTORS JOHN BROWN has formed an international division under the chairmanship of Mr. F. P. Korn, group marketing director. Other members of the Board of the new divisoin are: Mr. G. V. C. Davies; Mr. B. Pollard; Mr. C. L. Silberry; Mr. J. C. Melbourne (group managing director), Mr. D. B. Dunsire (managing director, Roxby Engineering International).

★

Mr. Fred Chate, former director of operations for Shell UK Exploration and Production, has joined the Board of BRITISH AIRWAYS HELICOPTERS. Mr. Chate, who retired from Shell in March after 33 years, was a founder member of Sub Sea Oil Services, a partly-owned subsidiary of Shell which explored the field of manned underwater operations. He is a member of the Aberdeen Harbour Board and a director of the Aberdeen Service Company

★

Mr. W. A. Jackson has been appointed editorial director of BURLINGTON PUBLISHING COMPANY (1942) and PERCIVAL MARSHALL AND CO. following the retirement of Mr. P. E. E. Brown.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (332)

BRITISH FUNDS (1)
LOANS (1)
AMERICANS (10)
BANKS (1)
BEERS (6)
BUILDINGS (21)
CHEMICALS (5)
DRAPERY & STORES (11)
ELECTRICALS (11)
ENGINEERING (33)
FOODS (5)
HOTELS (4)
INDUSTRIALS (34)
INSURANCE (5)
MOTORS (4)
NEWSPAPERS (2)
PAPER & PRINTING (3)
PROPERTY (14)
SHIPBUILDERS (1)
SHOES (1)
TEXTILES (4)
TRUSTS (143)
OILS (1)
OVERSEAS TRADERS (1)
RUBBERS (1)
TEAS (1)
MINES (8)

NEW LOWS (3)

STORES (1)
Audiotronic
PROPERTY (1)
Glanfield Secs.
TRUSTS (1)
Doloswella

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5

For rate indications see end of Share Information Service

Money was given for the call in Mills and Allen, Thomson Organisation, Weir, President Steyn, Consolidated Gold Fields, New Throgmorton Warrants, Rotork, Mersey Docks, Lee Cooper, Britannia Arrow, British Land, Status Discount, Premier Consolidated Oil, Reed International, English China Clays and English Property. A put was done in UDT, while doubles were arranged in English Property, New Throgmorton Warrants and Britannia Arrow. A short-dated call was transacted in Lex Service.

RECENT ISSUES

EQUITIES

Issue Price p†	Amount Paid Up	Latest Renun. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
75	F.P.	30/6	92	55	Brunnell (C.D.)	91	......	4.5	3.1	7.6	4.9
65	F.P.	31/8	75	71	Carters Superfoods	75	......	b/2.41	3.1	4.9	6.7
‡‡	F.P.	—	12½	4	Emray	10	+½	—	—	—	—
100	F.P.	5/7	175	142	Eurotherm	176	+8	b2.64	3.0	2.3	16.7
85	F.P.	24.F	91	85	Hunting Petr. Services	88	–2	4.66	3.0	8.0	6.2
115	F.P.	8/9	146	138	Jones (E.) (Jewellers) 10p	144	+1	b5.6	2.1	5.7	12.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renun. Date	1978 High	1978 Low	Stock	Closing Price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renun. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Gold Mines FT	+33.77
Mining Finance	+20.63
Newspapers and Publishing	+18.53
Mechanical Engineering	+13.32
Overseas Traders	+13.14
Engineering Contractors	+13.07
Tobaccos	+12.43
Chemicals	+12.37
Toys and Games	+11.80
Investment Trusts	+10.79
Wines and Spirits	+9.69
Motors and Distributors	+9.59
Capital Goods Group	+9.16
Building Materials	+8.99
Office Equipment	+8.73
Packaging and Paper	+8.70
Metal and Metal Forming	+7.99
Consumer Goods (Durable) Group	+7.49
Other Groups	+7.26
Electronics, Radio and TV	+7.19
Industrial Group	+6.72
Textiles	+6.23
500 Share Index	+6.21
Insurance Brokers	+6.12
All-Share Index	+5.60
Contracting and Construction	+5.43
Electricals	+5.42
Consumer Group (Non-Durable) Group	+4.99
Insurance (Life)	+3.83
Stores	+3.69
Pharmaceutical Products	+3.52
Oils	+3.35
Food Retailing	+3.27
Property	+3.22
Breweries	+2.54
Household Goods	+1.13
Entertainment and Catering	+1.06
Food Manfacturing	+0.55
Financial Group	–0.75
Merchant Banks	–2.08
Insurance (Composite)	–2.76
Banks	–4.20
Hire Purchase	–6.14
Discount Houses	–6.25
Shipping	–10.03

† Percentage changes based on Tuesday, August 1, 1978, indices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Thurs., Aug. 3, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed., Aug. 2 Index No.	Tues. Aug. 1 Index No.	Mon. July 31 Index No.	Fri. July 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	231.34	+0.9	16.41	5.31	8.43	229.20	228.10	225.80	226.38	189.22
2	Building Materials (27)	212.29	+0.9	16.31	5.24	8.69	210.47	209.16	207.33	206.44	166.07
3	Contracting, Construction (27)	371.15	+2.2	18.87	4.00	7.71	363.05	358.67	355.26	357.81	265.23
4	Electricals (14)	488.88	+1.2	14.02	3.79	10.11	482.89	483.07	478.48	482.50	389.80
5	Engineering Contractors (14)	341.66	+0.7	17.56	6.06	7.58	339.21	336.51	331.95	332.91	279.36
6	Mechanical Engineering (72)	186.01	+0.4	17.62	5.79	7.60	185.24	183.96	182.04	182.12	165.28
8	Metals and Metal Forming (16)	174.11	+0.7	16.18	8.11	8.42	172.96	172.74	170.78	171.08	151.52
	CONSUMER GOODS										
11	(DURABLE) (52)	210.81	+1.0	16.43	4.97	8.51	208.81	208.10	207.14	207.45	177.09
12	Lt. Electronics, Radio TV (15)	253.46	+1.1	14.76	4.02	9.52	250.76	249.02	247.88	248.55	208.54
13	Household Goods (12)	185.80	—	15.96	6.09	8.62	185.87	184.71	184.11	184.66	158.88
14	Motors and Distributors (25)	129.69	+1.0	19.18	6.21	7.27	128.39	128.77	128.13	128.03	112.85
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	215.33	+0.7	15.13	5.58	8.93	213.82	213.96	212.15	213.22	176.72
22	Breweries (14)	240.41	—	14.48	5.66	9.52	240.34	236.18	232.54	233.37	187.88
23	Wines and Spirits (6)	282.16	+1.3	15.17	5.13	10.00	278.43	277.71	275.37	277.74	211.16
24	Entertainment, Catering (17)	264.47	+0.4	14.87	6.56	9.84	263.34	264.10	262.80	263.95	219.18
25	Food Manufacturing (21)	205.09	+0.6	18.42	5.40	7.18	203.83	202.11	200.90	201.75	178.67
26	Food Retailing (15)	225.02	+0.1	13.51	4.59	10.28	224.79	222.28	220.98	221.18	186.49
32	Newspapers, Publishing (13)	404.65	+2.1	9.96	3.09	14.33	396.37	410.72	407.28	409.13	304.48
33	Packaging and Paper (15)	144.44	+2.4	18.01	7.34	7.30	141.01	141.28	139.21	140.81	121.90
34	Stores (40)	201.62	+0.9	10.68	4.47	13.77	199.88	201.07	199.79	200.80	159.75
35	Textiles (25)	181.32	+0.3	18.26	7.64	7.11	180.74	181.72	179.15	180.71	160.73
36	Tobaccos (3)	253.17	+0.2	21.67	7.39	5.44	252.67	255.15	253.11	254.11	222.28
37	Toys and Games (6)	114.00	+1.5	19.91	5.60	5.99	112.30	112.68	110.60	110.84	103.69
41	OTHER GROUPS (98)	209.78	+0.6	15.32	5.52	8.55	208.56	207.84	206.28	206.61	186.05
42	Chemicals (19)	296.17	+0.7	16.67	5.90	8.14	293.98	294.16	292.16	293.05	259.01
43	Pharmaceutical Products (7)	273.84	+0.6	10.56	3.74	11.79	272.19	270.99	268.34	268.86	0.00
44	Office Equipment (6)	135.25	+0.2	17.71	5.62	6.68	135.01	134.33	133.71	134.43	111.24
45	Shipping (10)	422.55	—	17.11	7.25	7.20	422.55	420.76	419.61	417.36	499.93
46	Miscellaneous (56)	224.37	+0.6	16.07	5.91	8.29	223.05	221.52	219.44	219.78	185.36
49	INDUSTRIAL GROUP (495)	224.88	+0.8	15.58	5.46	8.68	223.20	222.76	220.88	221.64	188.65
51	Oils (5)	488.22	+0.5	15.11	4.05	7.18	485.69	493.75	488.37	491.36	502.26
59	500 SHARE INDEX	247.10	+0.7	15.51	5.25	8.42	245.34	245.50	243.34	244.27	214.06
61	FINANCIAL GROUP (100)	173.01	+0.6	—	5.55	—	172.00	171.10	168.15	168.54	140.56
62	Banks (6)	188.01	—	24.86	6.22	6.03	188.01	187.80	186.35	187.76	154.82
63	Discount Houses (10)	214.80	+1.9	—	8.05	—	210.88	210.64	209.93	210.15	179.97
64	Hire Purchase (5)	158.54	—	12.46	5.20	11.88	158.54	155.86	155.86	157.78	136.55
65	Insurance (Life) (10)	147.76	+1.1	—	6.16	—	146.11	145.61	142.37	142.47	107.50
66	Insurance (Composite) (7)	135.80	+0.9	—	6.28	—	134.58	133.86	129.60	129.49	114.55
67	Insurance Brokers (10)	363.81	+1.1	12.94	4.32	11.07	359.76	355.36	352.65	351.93	315.41
68	Merchant Banks (14)	81.77	+0.3	—	5.99	—	81.53	80.33	80.43	80.32	67.48
69	Property (31)	255.73	+0.6	2.79	2.92	70.51	254.28	252.58	246.79	247.30	195.18
70	Miscellaneous (7)	109.47	+0.2	23.09	7.63	5.61	109.30	109.09	108.93	109.06	91.44
71	Investment Trusts (50)	236.96	+1.2	2.93	4.34	34.12	234.04	230.28	227.47	226.49	174.10
81	Mining Finance (4)	106.25	+0.7	16.61	6.55	7.33	105.47	106.84	104.87	104.41	94.87
91	Overseas Traders (19)	318.99	+0.2	17.09	7.03	7.28	318.46	320.69	317.93	319.31	276.18
99	ALL-SHARE INDEX (673)	228.34	+0.7	—	5.32	—	226.72	226.55	224.17	224.85	194.38

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Aug. 3	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.65	+0.12	0.38	5.55
2	5-15 years	115.22	+0.34	—	7.04
3	Over 15 years	121.66	+0.20	—	8.21
4	Irredeemables	128.13	+0.43	—	7.55
5	All stocks	113.69	+0.16	0.16	6.83

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thurs. Aug. 3	Wed., Aug. 2	Year ago (approx.)
1	Low Coupons	5 years	8.61	8.63	7.32
2		15 years	10.82	10.84	11.18
3		25 years	11.54	11.57	11.96
4	Medium Coupons	5 years	11.20	11.21	10.16
5		15 years	12.01	12.03	12.03
6		25 years	12.50	12.52	12.48
7	High Coupons	5 years	11.32	11.35	10.48
8		15 years	12.50	12.52	12.17
9		25 years	12.76	12.79	12.76
10	Irredeemables		11.54	11.59	11.96

		Thurs., August 3 Index No.	Yield %	Wed. August 2	Tues. Aug. 1	Monday July 31	Friday July 28	Thurs. July 27	Wed. July 26	Tues. July 25	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.28	12.96	57.23	57.21	57.22	57.22	57.17	57.17	57.16	52.98
16	Investment Trust Prefs. (15)	51.51	13.46	51.80	51.80	51.80	51.80	51.80	51.80	51.80	50.47
17	Coml. and Indl. Prefs. (20)	70.04	13.03	70.23	70.16	70.12	70.06	70.08	70.01	69.94	68.01

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

FOOD PRICE MOVEMENTS

	August 3 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,085	1,085	1,085
Ulster A.1 per ton†	1,085	1,085	1,085
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.51/12.62
English per cwt†	74.11	74.11	72.97
Danish salted per cwt†	77.22/78.02	74.98/77.58	73.98/70.72
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,202.10	1,202.10	1,164.30
EGGS*			
Home-produce:			
Size 4	2.50/2.75	2.60/2.75	2.60/3.00
Size 2	3.20/3.30	3.50/3.80	4.25/4.70
	August 3 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/57.3	54.0/58.0	56.0/59.0
Eire forequarters	35.0/37.0	35.0/39.0	35.0/38.0
LAMB			
English	50.0/56.0	54.0/60.0	60.0/64.0
NZ PLs-PMs	53.0/54.0	53.0/55.0	53.5/55.0
PORK (all weights)	35.0/44.0	35.0/44.0	35.0/44.0
POULTRY—Broiler chickens	38.5/39.0	38.5/38.5	38.5/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery August 6-12.

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NOTES

Prices do not include $ premium, except where indicated ⊕, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¥ Net of tax on realised capital gains unless indicated by ⊕. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision

CORAL INDEX: Close 498-503

INSURANCE BASE RATES

† Property Growth 10½%
† Vanbrugh Guaranteed 9.2%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	98½	Exch 5pc '76-78	99⅝	+1/32	5.03	9.01
105¼	101	Treasury 11½pc '79	101	+	11.32	8.91
97	94¾	Treasury 3pc '79	95½	......	3.14	7.23
[illegible]						

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
40	35	Do 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
475	350	German Yng 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do 6pc '28 Stab. Ass.	51	......	6	£6.00
44	40	Do 4pc Mixed Ass.	43	......	4	£4.65

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 53% (based on US$1.9285 per £)
Conversion factor 0.6528 (0.6708)

CANADIANS

S.E. List Premium 53% (based on $2.1963 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
29	19	Goode D't Mry. 5p	23	......	0.13	—	0.8	—
133	96	Grindlays	129	–1	2.79	7.1	3.2	4.6
260	185	Guinness Peat	245	......	†10.15	—	6.2	—
217	155	Hambros	162xd	–2	9.76	—	9.0	—
100	81	Hill Samuel	94	+2	4.97	—	7.9	—
600	325	Do Warrants	375	......	—	—	—	—
347½	203	Hong Shng. $2.50	342	+9	hQ59c	—	2.0	—
69	52	Jessel Toynbee	64	+2	h3.32	—	7.7	—
215	160	Joseph (Leo) £1	215	......	8.74	—	6.1	—
52	37	Keyser Ullmann	50	......	0.67	—	2.0	—

BANKS & HP—Continued

Hire Purchase, etc.

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CHEMICALS, PLASTICS—Cont.

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MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	165	.....	Q50c	1.3	25.9
24	15	Rhod'n Corp. 16⅔p	16	.....	0.57	7.1	5.3
80	52	Roan Cons. K4	67	.....			
175	122	Tanganyika 50p	170	+5	Q10.0	1.2	5.9
90	78	Do. Pref. 80p	87	.....	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	35	.....	†Q7½c	1.4	13.3
16½	10	Zam. Cpr. SBD0.24	13	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	14				
135	64	Bougainville 50 Toea	133		Q8c	1.4	3.8
125	63	BH South 50c	111	+1	—	—	—
820	150	Central Pacific	600		—	—	—
258	148	Conzinc Riotinto 50c	254	+6	Q10c	2.2	2.4
72	45	G.M. Kalgoorlie $1	59	−3	—	—	—
60	18	Haoma Gold N.L.	50	−5	—	—	—
140	81	Hampton Areas 5p	132	.....	t3.55	2.0	4.0
40	10	Metals Ex. 50c	29½		—	—	—
220	125	M.I.M. Hldgs. 50c	200	+2	Q9c	1.7	2.8
39	10	Mount Lyell 25c	29		—	—	—
6½	1½	Newmetal 10c	4¼		—	—	—
143	79	North B. Hill 50c	123	+1	Q8c	1.5	4.0
16½	8½	Nth. Kalgurli	16		—	—	—
44	12	Nth. West Mining	37	−1	—	—	—
178	117	Oakbridge $A1	172		†Q11c	1.9	4.0
64	30	Pacific Copper	64	+6	—	—	—
£15¼	750	Pancont'l 25c	£15	−¼	—	—	—
40	12	Paringa M&E 5p	28	−1	—	—	—
543	310	Peko-Wallsend 50c	528	−10	Q15c	4.0	1.8
300	50	Southern Pacific	225	−10	—	—	—
160	84	Westn. Mining 50c	141	+1	Q6c	1.4	‡
70	35	Whim Creek 20c	45	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
30	23	Amal. Nigeria	23		2.55	1.6	16.6
400	240	Ayer Hitam $M1	360	+5	[illegible]	0.9	‡
60	45	Beralt Tin	52		3.81	4.4	11.5
300	200	Berjuntai $M1	280xd	+8	Q110c	ϕ	6.4
145	111	Geevor	130	.....	5.07	ϕ	6.0
10	8½	Gold & Base 12½p	9½		—	—	—
300	220	Gopeng Cons.	290		15.23	0.9	7.9
170	130	Hongkong	170	+10	—	—	—
93	78	Idris 10p	85xd	...	‡12.0	1.6	‡
11	9	Jantar 12½p	9		—	—	—
77	68	Kamunting $M0.50	76	+2	2Q15c	0.7	4.4
510	450	Killinghall	490	+20	Q125	ϕ	25.5
415	280	Malay Dredging $M1	400	+5	tQ95c	0.8	5.1
73	40	♠Pahang	68		tQ3.75c	0.5	‡
62	50	Pengkalen 10p	58	.....	6.60	1.3	17.0
235	165	Petaling $M1	230		tQ80c	1.6	8.0
61	49	Saint Piran	54	+1	±2.02	4.6	5.6
61	47	South Crofty 10p	51		4.19	2.0	12.3
220	140	South Kinta $M0.50	210	+5	tQ77.8c	1.4	8.0
330	230	Sthn Malayan $M1	305	.....	tQ13.3c	1.1	9.2
228	134	Sungei Besi $M1	205	.....	Q65c	ϕ	6.8
78	55	Supreme Corp. $M1	78	.....	ZQ10c	—	2.8
100	85	Tanjong 15p	88xd	..	6.60	0.8	11.2
100	74	Tongkah Hrbr. $M1	92	.....	[illegible]	1.6	‡
233	148	Tronoh $M1	222	+2	ZQ88c	1.6	8.5

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	89	+3	†Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
61	35	Barymin	50	−1	—	—	—
17	9	Burma Mines 17½p	13	−1	—	—	—
300	215	Cons. Murch. 10c	232	+2	‡Q30c	2.6	‡
465	245	Northgate C$1	390	+15	—	—	—
234	164	R.T.Z.	232	+2	9.64	2.8	6.2
90	30	Sabina Inds. C$1	54	−1	—	—	—
£12	750	Tara Exptn. $1	875	.....	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.35	ϕ	4.5
180	120	Yukon Cons. C$1	176	.....	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✚ Regional price.
- Ⅱ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	24	.....
Ash Spinning	44	.....
Bertam	21	
Bdg'wtr Est. 50p	310	+5
Clover Croft	26	.....
Craig & Rose £1	480	.....
Dyson (R. A.) A	38	.....
Ellis & McHdy.	61	.....
Evered	16½	
Fife Forge	52	+2
Finlay Pkg. 5p	23	
Graig Ship £1	115	
Higsons Brew	77	.....
I.O.M. Stm. £1	155	.....
Holt (Jos.) 25p	263	.....
N'thn Goldsmith	56	
Pearce (C. H.)	185	+3
Peel Mills	20	.....
Sheffield Brick	46	+1
Sheff. Refrshmt.	62xd	+4
Sindall (Wm.)	103	−2

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£92⅞	+⅛
Alliance Gas	66	..
Arnott	354	.....
Carroll (P.J.)	105	−2
Clondalkin	100	−2
Concrete Prods.	140	−5
Heiton (Hldgs.)	55	.....
Ins. Corp.	160	.....
Irish Ropes	130	.....
Jacob	67	.....
Sunbeam	32	−1
T.M.G.	210	+5
Unidare	95	.....

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr.	10
Midland Bank	25
N.E.I.	12
Nat. West Bank	22
Do. Warrants	10
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Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
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Trust Houses	15
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Woolworths	5

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A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday August 4 1978

MPs want stronger committees

BY RUPERT CORNWELL, LOBBY STAFF

A RADICAL blueprint for a new system of more powerful select committees at Westminster, each commanding much greater resources and shadowing an individual Whitehall department, was put forward yesterday by an influential allparty group of MPs.

But the Commons select committee on procedure has failed to agree on any recommendation to change drastically the pattern of sittings — to the disappointment of many younger MPs, especially on the Labour side, and of their wives, strongly critical of the late hours worked by Parliament.

Main findings

These are the main findings of a report issued yesterday by the 16-man committee after more than two years of study and 68 meetings, against a background of mounting resentment at the inefficient way the Commons runs its business.

As well as the reform of select committees, increasingly backed by MPs of all persuasions, the report suggests a significant development in the legislative process. It wants outside expert witnesses to be allowed to give evidence at the committee stage of a Bill when a measure undergoes its most detailed scrutiny.

Also urged is a much tighter watch on statutory instruments, the Ministerial orders by which much vital policy is enforced, and fuller debate of EEC legislation before its approval by the Government.

The proposals from the all-party group will not be discussed by the Commons — let alone implemented — until next session by which time a General Election almost certainly will have been held.

Although both a Conservative and a Labour administration could presumably resist those suggestions which involved a direct challenge to the Government's authority, many MPs expect parts at least of the package to meet widespread approval.

The split on hours is the most visible part of a basic disagreement between the Labour and Tory factions on the committee over how far reform should go beyond the shared ground of a stronger control of the executive by the legislature.

The Labour case, summed up in an unsuccessful amendment by Mr. John Garrett, management consultant and MP for Norwich South, was that a member's job should be considered full-time. Parliament should break with "the tradition of the gentleman amateur from a more leisurely age."

But the amendment's call for stronger committees and a normal working day ending at 7.30 pm, balanced by the right of the Government to impose a timetable on all its Bills, produced a tie of 6—6. It was defeated by the casting vote of Sir Tom Williams, committee chairman.

Sir David Renton, QC, Tory MP for Huntingdonshire and another committee member, predicted last night that Parliament would never agree that MPs should be only full-time Members. "We would then become an inward-looking and narrow-minded bunch."

The report merely urges that the normal 10 pm closure could be put back only if more than 200 MPs voted in favour.

It comments that while the idea of late-night sittings to enable MPs to pursue outside jobs conflicted with the committee's idea of a modern Parliamentary system, "we have been unable to put forward specific proposals."

The group wants to replace the existing structure of select committees by 12 new ones, each looking after a major department of State. Those in charge of Home, Foreign and Treasury affairs would have the right to set up investigatory sub-committees as they wished.

Membership would be chosen by a special committee of selection, independently of the party whips who today can move to eject MPs too awkward for the Government's taste.

Details Page 8
Men and Matters, Page 16

Home loan bias against wives attacked

BY ADRIENNE GLEESON

A LARGE NUMBER of building societies may be breaking the law by discriminating against married women.

This is the principal finding of a survey conducted for the Equal Opportunities Commission for the Consumers' Association survey unit. The survey was designed to determine whether building societies give less favourable treatment to couples applying for mortgages when the wife earns more than her husband.

The findings of the survey—in which 231 building society branches and 23 mortgage brokers were visited by individuals inquiring about the prospects of obtaining a mortgage—suggest that 36 per cent of all building societies would have discriminated in some way against couples with a higher-earning wife.

The average loan offered to couples (with the same joint income), in which the wife was the higher earner, was £500 lower than that offered to couples in which the husband was the higher earner.

But the lowest loan offered to a couple where the wife was the higher earner was £2,400 less than the lowest loan offered to a couple in which the husband earned more. Smaller societies were most frequently the offenders.

Among the larger societies, however, there were two where, according to the findings of the survey, discrimination was likely to be practised. One of them was Cheltenham and Gloucester, whose chairman, Mr. Ralph Stow, is also chairman of the Building Societies Association. Mr. Stow said yesterday that he did not accept the implied criticism.

The sample taken in the survey was very small, and a small sample was always likely to be inaccurate. The validity of the sample was also chalenged by the chief general manager of the Woolwich, whose policies were similarly criticised in the survey.

Reasons for offering a lower multiple of the wife's salary than of the husband's were entirely connected with the likelihood that she would give up work to have children.

Lady Howe, deputy chairman of the Equal Opportunities Commission, pointed out yesterday that it was illegal, under the Sex Discrimination Act 1975, for building societies to apply their formulae on the size of loan to be granted in relation to income in such a way that the higher multiple was invariably applied to the husband's income.

Lady Howe said that there were three conclusions to be drawn from the findings of the survey. Building societies should check whether their branches were properly aware of the provisions of the Sex Discrimination Act, and should give proper instructions to their employees.

House prices rise, Page 6

OECD expects further moves by Japanese

BY ROBERT MAUTHNER PARIS, August 3.

JAPAN will probably have to take further policy measures in the course of this year to maintain the momentum of economic expansion and reduce its large current external surplus, according to the latest annual review of the Japanese economy by the Organisation for Economic Co-operation and Development Secretariat.

Without taking into account the sharp revaluation of the yen on the markets since the end of May, Japan's current account surplus is forecast to rise to $18bn in 1978 from $11bn last year. Though a progressive reduction is expected in the next 12 months, the current surplus could still be running at an annual rate of around $13bn in the first half of 1979.

Since the OECD review was prepared in June, before the Bonn summit, its conclusions do not take into account some of the economic policy pledges made on that occasion by Mr. Takeo Fukuda, Japanese Prime Minister. But even if some of the forecasts made on the basis of unchanged policies need revising, the advice given to the Japanese authorities on how to deal with their economic problems still remains broadly relevant.

The OECD Secretariat stresses that the most desirable method of achieving a reduction in the current surplus is an expansion of Japan's imports, rather than the artificial restriction of its exports, which risks undermining the free-trade system.

If the Japanese Government's recent commitment to adopt policies which will promote the growth of imports is honoured, they could, together with an adequate expansion of domestic demand and the effects of the revaluation of the yen, make a substantial contribution to the reduction of the current surplus.

A cut in the trade surplus will be all the more necessary, since there are signs that the regular increase of Japan's deficit on current invisibles has vitually ceased. It would be normal for a country like Japan to combine a reasonable but not excessive current account surplus with exports of long-term capital. For this reason, the Government's undertaking to increase substantially its aid to developing countries is particularly welcome.

While the underlying trend of domestic demand is forecast to strengthen substantially during the course of this year, the present outlook for world trade, the substantial appreciation of the yen and the authorities' intention to curb exports will have a depressive effect on economic activity.

On the basis of policies which had already been announced in June, the Secretariat predicts that real GNP will grow by no more than 5.5 per cent in 1978, compared with 6.5 per cent originally forecast by the Japanese authorities.

Moreover, because of the hesitant recovery of private demand and, in particular, business investment, there is likely to be a further loss of momentum in the first half of 1979, when the latest fiscal stimulus wears off. The OECD predicts that, in the first six months of next year, growth will have slowed down to an annual rate of 4.5 per cent.

Japan unlikely to alter trade surplus pattern, Page 3
Editorial comment, Page 16

U.S. bank abandons Stern break-up plan

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MARINE MIDLAND BANK of the U.S. has pulled out of the three-year-old scheme of arrangement for the orderly break-up of Mr. William Stern's former £200m property empire.

The American bank, originally owed around £10m by Stern companies, is the first of the major creditors to abandon the scheme.

But in a letter to the scheme organisers, accountants W. H. Cork Gully, the bank makes it clear that its decision to break with the arrangement is made because it feels that the three-year arrangement has been successful in organising the orderly disposal of Stern properties, and in no way suggests dissatisfaction with the management of the scheme.

The scheme was set up, under Bank of England pressure, following the collapse of Mr. Stern's 65 property companies in 1974.

Under the terms of the scheme, creditors representing 51 of these former Stern companies agreed to a three-year debt moratorium to allow City accountant Mr. Kenneth Cork time to organise the disposal of Stern properties.

Several overseas banking creditors are known to have been reluctant to join the scheme. Since 1974 there have been a number of occasions when the property market has been alive with speculation that one or other of the overseas banks would pull out of the arrangement and precipitate a mass forced sale of Stern buildings. But as the property investment market now looks stable, and the bulk of the saleable Stern properties have been sold, Marine Midland's move excited little interest in the market yesterday.

Guarantee scheme for small firms' loans proposed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

TALKS ARE likely between the Government and financial institutions during the next two months on the creation of an experimental guarantee scheme for loans made by clearing banks to small firms.

This follows the publication yesterday of a report by the National Economic Development Council's committee on finance for industry which suggests that it might be worth while setting up an experimental scheme.

The report was sent yesterday to Mr. Denis Healey, Chancellor of the Exchequer. In an accompanying letter, Lord Roll, chairman of the committee, emphasised that the main financing problem faced by small businessmen was how to secure adequate equity capital rather than bank loans.

Lord Roll's letter also echoed uncertainty in the report about whether a loan guarantee scheme is needed.

In the face of considerable oppopsition to the idea from the Treasury, the Department of Industry, and the Bank of England, the report says that an experimental scheme might be the best method of settling arguments on the issue. It opts for a commercial scheme, mainly operated and funded by financial institutions, rather than the alternative of a "soft" lending scheme financed by the Government.

This will now be considered by the Government which is also awaiting a report on small firms from the Wilson Committee on financial institutions. Mr. Harold Lever, the Cabinet Minister responsible for co-ordinating Government policies on small firms, is also working on another idea for making it easier for small businesses to raise working capital.

Details, Page 6

Continued from Page 1

Electricity loan

The Electricity Council is paying a margin over Eurodollar inter-bank rates of half a point for the first six years of the ten-year final maturity and five-eighths of a point thereafter.

The last comparable loan, $350m for the French Caisse Nationale de Télécommunications, paid half a point for the first five years and five-eighths for the last five years. The grace period before repayments start on the British loan is eight years, up from seven in the French case.

At first glance the difference is not that large. But it comes when many bankers believe that there is a good chance that rates are at least stabilised. Two big borrowers have recently agreed to less favourable terms than on their previous loans while some other borrowers are known to be considering less favourable terms.

Whether the new loan marks a setback in Western banks' attempts to raise rates will depend on the extent to which Japanese banks generally decide to recycle the country's dollar surplus in relatively low-rate lending not connected with Japan's exports programme.

Hitherto, most main Euro-currency loans managed by Japanese banks have been linked, if not tied, to projects involving Japanese companies.

The Electricity Council loan is a purely financial transaction and it is felt that if the Japanese banks plan much lending of this kind at highly competitive rates then this would ensure that profit margins on international lending remain depressed.

Continued from Page 1

Ulster car plant

patronage of more widely-spread commercial and financial organisations.

Because of high development and manufacturing costs, the sports car industry has moved progressively into the hands of the volume producers, who simply fit a more exotic body on to standard mechanicals.

The DeLorean project marks an attempt to reverse this trend and establish a more traditional, independent specialist manufacturer. It will, however, have links with the volume industry through its major mechanical parts, with the 2.6 litre engine being supplied by the joint Renault-Peugeot-Volvo plant in France, and transmissions by Renault.

Britain and France to build electricity transfer link

BY JOHN LLOYD

A CROSS-CHANNEL electricity link between the UK and France is to be constructed at a cost to this country of £131m, with the French spending a similar amount.

The link will enable the Central Electricity Generating Board to burn up to 1m more tonnes of coal a year, thus mitigating the urgency of the National Coal Board's search for larger markets.

Permission for Britain's investment was given yesterday by Mr. Anthony Wedgwood Benn, the Energy Secretary.

The link will have a capacity of 2,000 megawatts, roughly the same as a large power station. It will come into opertaion in two stages—the first 1,000 megawatts in 1982 and the second in 1983.

Announcing Government approval for the project Mr. Wedgwood Benn told the Commons: "The link will add to the security and diversity of the CEGB's sources of electricity and will provide an opportunity for the export of coal-fired electricity to France."

Support for the scheme, which has been mooted for some time, was agreed in principle at a meeting between the Prime Minister and President Giscard d'Estaing last December.

The operation of the link will depend on the differences in costs between extra generation in the CEGB system and in that of Electricité de France, the French utility. These marginal costs vary from hour to hour, according to the level of demand in each country.

The expectation is that the CEGB will be able to export coal-generated electricity during the night, reducing the need for Electricité de France to burn oil then. The French company would in return export oil-fired power during the day, reducing the CEGB's need to burn oil.

The net effect will thus be that about 1m tonnes of coal will displace an equivalent amount of oil burned in UK power stations. The French stations will burn roughly the same amount of oil as before, exporting what they "save" by night to the UK by day.

Both systems are expected to benefit from an increased choice of marginally lower-priced capacity.

Mr. Wedgwood Benn has thus been able to find a Continental market for coal which has so far eluded the National Coal Board in its search for more conventional outlets. Earlier this year, a scheme to subsidise steam coal within the EEC failed to win approval from EEC Energy Ministers.

However, when the French system takes on an increased nuclear capacity in the future, the rough equivalence in costs between oil and coal-fired electricity, on which the scheme depends, could be upset.

The bulk of the UK's £131m investment will be earmarked for construction of a station to convert French AC power to DC power compatible with the UK system. It is likely to be located between Folkestone and Hythe, with a French equivalent probably to be built at Sangatte, near Calais.

General Motors car for Japan

BY TERRY DODSWORTH AND ROBERT WOOD

GENERAL MOTORS is to launch its subcompact Chevette model in Japan in the first move by one of the big American multinationals to begin serious exports from the U.S. of one of its small, popular car ranges.

Although the initial sales target for the Chevette is reported to be small, the move underlines the belief among some vehicle manufacturers that the U.S. producers will eventually become significant exporters of their larger volume products.

This has become more of a possibility since the move in the U.S. towards smaller cars which would appeal in markets outside North America.

At the same time, the fall in the value of the dollar has made U.S. production costs much more competitive. In Japan, for example, the Chevette, GM's first venture into large-scale subcompact car production, will compete with popular-sized Japanese models at a similar price.

The new venture will also be seen as a pointer as to whether Japan honours its promises of opening up its vehicle market to imports.

Recent indications that the Japanese are now trying to encourage imports has led Ford to launch its Fiesta model there, although this is supplied from Europe, not the U.S.

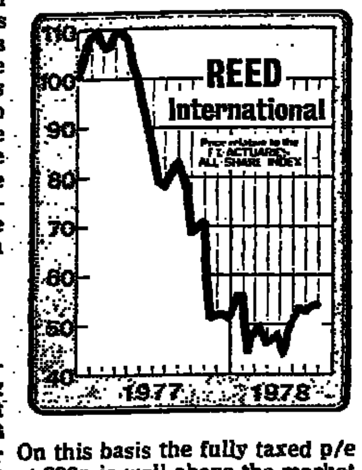
GM, however, is in a better position to exploit the Japanese market, which has been expanding rapidly over the last few months, because of its 34 per cent stake in a local manufacturer, Isuzu Motor. Isuzu's dealer network will provide the main outlet for the Chevette.

THE LEX COLUMN

Competition bites at Hoover

The momentum which has been building up on Wall Street over the past couple of weeks exploded out into record trading volumes yesterday. Once again the institutional herd is rushing to establish its position as it did in the late spring. The news of all this excitement put fresh life into equities in London, which were beginning to flag a bit in the mid-afternoon, but although the All-Share Index has now established a new all-time high, the market has not yet made a decisive break upwards.

Index rose 4.6 to 499.9



Hoover

The present consumer spending boom seems to be passing Hoover by. After dreadful first quarter figures (sales down 16 per cent, profits down 35 per cent) the best that can be said about yesterday's half-year results is that Hoover has maintained its sales volume in the second three months. But the pre-tax profit of £3.8m achieved for the half year is only half what it was last time.

The Hoover puzzle is compounded by its assertion that it has not lost any market share—it claims 50 per cent of the UK market for cleaners, and 35 per cent for washing machines—despite the evidence of increased retail sales by durable goods shops. Hoover is certainly finding the going very tough in washing machines where it is facing strong competition from Italian makes like Indesit. Its difficulties are exacerbated by the current price competition between the discount retailers, like Currys and Comet.

Hoover's response has been to go in for heavy promotional advertising. This is likely to cost the company an extra £2m at least in the full year, and the interim figures include half of this. Outside the UK the picture is improving a bit, although only South Africa is doing really well.

Hoover says that evidence of increased consumer spending is now beginning to trickle through into its factories. But this could wither away within a year. So prospects are not encouraging, and Hoover will be doing well to make £10m pre-tax compared with £12.2m last time.

Reed Int.

Slowly but surely, Reed International is pulling itself back into shape. First quarter profits are only marginally ahead at £21.5m pre-tax, but yesterday's annual meeting detailed some key developments on the balance sheet front. It looks as though proposed disposals in Canada and South Africa could cut group debt by £70m or £80m with no adverse impact on tangible net worth. Proceeds of a South African sale could be available to reduce hard currency borrowings of more than £20m. And the general picture in Canada is visibly improving.

Losses there have been cut to $2.2m compared with $4.5m in the preceding quarter, and with the help of a steadier trend in pulp prices, the company expects to do appreciably better over the rest of the year. The debt:equity ratio by the year end could be down to roughly one to one, and with a break even trading position in view, Canada could soon begin to look like a saleable proposition. The parent company's actions in recent months are consistent with the idea that this is its ultimate goal.

Excluding the losses in Canada and in the Stanger mill in South Africa, underlying earnings in the first quarter are something like 9p per share. For the full year, earnings could total roughly 30p per share before taking in the adverse impact of disposals. A lot could still go wrong, since Reed still has formidable gearing. But it has fulfilled its promises so far, and there is every hope that last year's net dividend payment of just over 8p per share can be regarded as a firm base level. The shares yield 7.9 per cent at 153p, and have been much steadier in the past month or two.

On this basis the fully taxed p/e at 290p is well above the market average at 12, and the only prop is the yield of 8 per cent.

Japanese banks

The Electricity Council's $500m ten year loan from a group of Japanese banks seems bound to raise a few eyebrows. Less than a month after Her Majesty's Treasury renegotiated a $1.5bn medium term loan, the Electricity Council, which is further down the international pecking order, has secured even finer terms.

Of course, the two operations are not exactly the same. The Treasury loan was three times bigger and in practice represented a "renegotiation" of an earlier loan. The Electricity Council is raising completely new money and is in a better bargaining position as a result.

That said, it is obvious that the Electricity Council has secured the tightest terms for a long time. Aside from the eight-year grace period on repayments, a spread of ½ per cent over LIBOR for the first six years and ⅝ per cent thereafter, leaves virtually nothing for the banks after allowing for their cost of capital. The Japanese banks played a major role in squeezing margins in 1973-74 and this latest deal suggests that they are up to their old tricks again. On the back of Japan's huge and growing current account surplus, the Japanese banks are again pushing for a bigger slice of the international capital market.

Allied Breweries

Yesterday's note on Allied Breweries should have said that its investment in Trust Houses Forte had been expensive in *real terms*. In money terms, of course, it yielded a good profit.

Weather

UK TODAY

SUNNY intervals, showers in South, rain at first in North; cool.

London, S. England, E. Anglia, Midlands, S. Wales
Sunny intervals, showers, cool. Max. 19C (66F).

E., N. England, N. Wales
Cloudy, rain. Max. 17C (63F).

Lakes, Isle of Man, S. and E. Scotland, Cent. Highlands
Cloudy, rain. Max. 15C-16C (59F-61F).

N.E. Scotland, Orkney, Shetland
Cloudy, rain. Max. 13C (55F).

Argyll, N.W. Scotland, N. Ireland
Cloudy, rain, becoming drier. Max. 16C-18C (61F-64F).

Outlook: Mostly dry, sunny intervals.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Alexndria.	F	29	84	Madrid	S	29	84
Amsrdm.	R	16	61	Manchestr.	C	15	59
Athens	C	29	84	Melbourne	S	13	55
Bahrain	S	39	102	Mexico C.	S	20	68
Barcelona	C	27	81	Milan	F	28	82
Belfast	C	14	57	Montreal	C	22	72
Belgrade	S	29	84	Moscow	F	28	82
Berlin	C	26	79	Munich	F	23	73
Brmghm.	C	16	61	Newcastle	R	16	61
Bristol	F	19	66	New York	C	27	81
Brussels	C	18	64	Oslo	F	22	72
Budapest	F	28	82	Paris	F	20	68
B. Aires	S	23	73	Perth	S	21	70
Cairo	S	34	93	Prague	C	25	77
Cardiff	C	17	63	Reykjavik	R	10	50
Chicago	S	22	72	Rio de J'o	S	29	84
Cologne	C	20	68	Rome	C	27	81
Copnhagn.	C	20	68	Singapore	S	30	86
Dublin	R	15	59	Stockholm	C	26	79
Edinburgh	C	15	59	Strasbrg.	C	21	70
Frankfurt	C	23	73	Sydney	C	15	59
Geneva	F	19	66	Tehran	S	31	88
Glasgow	C	18	64	Tel Aviv	S	27	81
Helsinki	C	26	79	Tokyo	C	39	98
H. Kong	S	30	86	Toronto	R	19	66
Jo'burg	S	19	66	Vienna	F	25	77
Lisbon	S	24	75	Warsaw	C	24	75
London	F	19	66	Zurich	C	23	73
Luxemb'g	F	19	66				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	33	91	Jersey	C	15	59
Algiers	F	33	91	Las Plms.	F	23	73
Biarritz	C	20	68	Locarno	F	26	79
Blackpool	C	15	59	Luxor	S	37	99
Bordeaux	C	20	68	Majorca	C	26	79
Boulogne	C	11	52	Malaga	F	30	86
Casablnca.	S	23	73	Malta	S	36	97
Cape Town	R	15	59	Nairobi	S	20	68
Corfu	S	28	82	Naples	F	29	84
Dubrovnik	F	29	84	Nice	F	27	81
Faro	S	23	73	Oporto	S	16	61
Florence	C	29	84	Rhodes	F	27	81
Funchal	F	23	73	Salzburg	F	24	75
Gibraltar	S	26	79	Tangier	S	29	84
Guernsey	R	14	57	Tenerife	S	21	70
Innsbruck	F	24	75	Tunis	F	41	106
Inverness	R	13	55	Valencia	F	26	79
Isle of Man	R	14	57	Venice	S	28	82
Istanbul	S	26	79				

F—Fair. R—Rain. C—Cloudy. S—Sunny.

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